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# ***Daily Report***

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## **China**

**FBIS-CHI-89-088  
Tuesday  
9 May 1989**

# Daily Report

## China

FBIS-CHI-89-088

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9 May 1989

**NOTICE TO READERS:** An \* indicates material not previously disseminated in electronic form.

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## General

### Reportage on Activities, Closing of ADB Meeting

#### ADB, France Sign Agreement

OW0605031789 Beijing XINHUA in English  
1737 GMT 2 May 89

[Text] Manila, May 2 (XINHUA)—An untied grant fund of 10 million U.S. dollars equivalent has been made available by France to the Asian Development Bank [ADB] to finance some projects in the bank's technical assistance program under a channel financing agreement between the two sides, the bank announced here today.

The agreement was approved by the bank's board of directors on April 25 of 1989, and the documents were signed today in Beijing on the eve of the bank's 22nd annual meeting by ADB President Masao Fujioka and Jean Francois-Pons, deputy director of treasury and head of the French delegation.

The grant, to be made in French francs, will be deposited in the name of the bank in an account with the Banque du France in Paris. Interest accrued on the account shall be used for the bank's technical assistance program.

The bank and the French authorities shall mutually agree on technical assistance projects to be financed by the grant.

#### ADB President Optimistic About Region

GW0905052889 Beijing XINHUA in English  
0951 GMT 4 May 89

[Text] Beijing, May 4 (XINHUA)—The president of the Asian Development Bank (ADB), Masao Fujioka, anticipated here today greater intra-Asia trade and investment in the next few years, and called for further economic cooperation in the region.

Addressing the opening ceremony of the 22nd annual meeting of ADB's board of governors, Fujioka said that foreign investment in the region is likely to accelerate and have a favorable impact on the economic performance of Asian countries.

However, he said, there are still more than 500 million poor people in Asia and overall economic growth must be sustained at an adequate level to fight poverty and promote the welfare of the entire population.

Despite the unsatisfactory economic performance in the developing world last year, Fujioka noted, developing countries in Asia recorded an impressive average growth rate of 8.8 percent, the best performance in the past few decades.

Various indexes, including inflation rates, debt-service ratios and current account surpluses, have all improved remarkably in Asia's developing countries, Fujioka told the 3,000 bankers and officials who gathered here at the Great Hall of the People for the meeting.

He attributed the success to those countries' foresight in implementing appropriate economic policies and their abilities to adjust to changing economic conditions.

He also praised those countries for their efforts in moving to a more liberal and open economic system with greater reliance on market forces for pricing and investment decisions.

Looking at the coming year, Fujioka said that there is good reason for optimism that economic expansion will continue in the region's developing countries, perhaps at a slower pace but still faster than in any other region in the world.

However, he warned these countries of greater difficulty in diversifying their products and markets, urging them to upgrade their technological capabilities and attract more foreign investment through domestic policy reforms.

"Asia is at the leading edge of development," Fujioka said. Further cooperation in trade and investment, combined with domestic policy reforms and judicious investment decisions, will propel Asia to even greater heights of achievement, he added.

#### No Increase in PRC Borrowing

HK0605034089 Beijing CHINA DAILY in English  
6 May 89 p 1

[By staff reporter Liu Hong]

[Text] There will be no dramatic increase in China's overseas borrowing this year, one of the nation's top bank officials told a press conference yesterday.

While it will continue, the growth will be kept under a tight rein in line with the austerity economic policy.

Qiu Qing, deputy governor of the People's Bank of China was speaking at a news conference on the second day of the annual meeting of the Asian Development Bank, of which she is also a deputy governor, in Beijing.

Qiu said China would be seeking to increase its borrowing from the Asian Development Bank which was also willing to extend its lending. But this would not increase by a very large amount in the short term. This was in part because of the ADB's lending procedures which entail the study of suggested projects.

"We now have plenty of projects going on (with ADB) and the normal work is going on smoothly," Qiu said. China has loan agreements with ADB totalling \$416 million and this is expected to rise by \$500 million this year.

Qiu also expressed caution over the idea to set up a new investment agency with ADB.

The deputy governor told journalists that China will take a "prudent attitude" towards the proposed Asian Finance & Investment Corporation (AFIC). She also called for "further study on the establishment of this corporation" before making a final decision.

The plan to set up AFIC to invest specifically in the private sector in developing countries has long been dogged by controversy among ADB members and is among the main issues at the three-day annual meeting of the Manila-based bank.

Some of ADB's members, including the United States, oppose the plan, fearing that Japan will gain a dominant influence over the proposed body.

Japan proposed that ADB own 30 percent of the shares of AFIC and commercial financial establishments, mainly from the Asian-Pacific region, hold the remaining 70 percent.

The United States would prefer a broad regional and non-regional ownership and control over the AFIC.

The deputy governor also said that China was moving towards making its currency convertible. "This is the general way we are going," she said, adding that it is "very hard to predict" when it would be possible to take this action.

"The predominant condition for convertibility should depend on China's economic development and international economic exchange," she said.

While acknowledging that China is facing an overheated economy and inflationary pressures, she said this was the "normal case" in the course of economic development.

Speaking to a session of ADB's annual meeting yesterday afternoon, Qiu called for the bank to make poverty alleviation and environment protection among its major goals in the coming decade.

"In our region, about 600 million people still live in absolute poverty. It is our hope that the bank will readjust its lending policy in the interest of poverty elimination and channel concessional loans to areas and sectors where impoverished people are concentrated."

Industrial expansion and population growth has increasingly been damaging the environment, said Qiu, adding that the bank should increase its support for environmental protection as well as economic development.

Qiu also mentioned that the move to increase capital resources last year resulted in a decline of the share of the subscribed capital and voting power of ADB's developing members as a whole.

At yesterday's meeting, Che Peiqin, director of International Department of the People's Bank of China, was elected executive director of the Board of Directors of ADB.

### Governors Divided on AFIC

OW0605114689 Beijing XINHUA in English 1126 GMT  
6 May 89

[Text] Beijing, May 6 (XINHUA)—The president of the Asian Development Bank (ADB), Masao Fujioka, today clearly demonstrated his support for setting up a private offshoot of the bank, although ADB governors remain divided over the proposal.

Addressing a press conference at the end of bank's 22nd annual meeting, Fujioka said the Asian Finance and Investment Corporation (AFIC) was designed to draw on worldwide resources and promote private investment.

He called the proposed ADB offshoot the most efficient way to help Asian countries to industrialize and lower the cost of borrowing without jeopardizing ADB's other functions.

However, he also said there are risks for such an international consortium bank, which was proposed by a panel of experts to the ADB's annual meeting for discussion.

At the business sessions of the past two days, governors from ADB members voiced divided opinions on the proposal, with regional support led by Japan and expressions of concern from some members in Asia and other parts of the world.

The governor for the Federal Republic of Germany showed reluctance to endorse the joint-venture institution, while the British governor doubted if there was a real market need for such a separate body.

China's alternate governor, Qiu Qing, also balked at AFIC. She told a press conference yesterday that China would not consider participation until all details of the body are studied.

### Hong Kong Decries Protectionism

HK0705024289 Hong Kong SOUTH CHINA SUNDAY  
MORNING POST in English 7 May 89 p 2

[By Willy Wo-lap Lam in Beijing]

[Text] The Secretary for Monetary Affairs, Mr David Nendick, yesterday decried the rise of protectionist sentiments in many industrialised nations.

Speaking at the Asian Development Bank governors' meeting in Beijing, Mr Nendick warned: "The knee-jerk protectionist legislation in some countries is endangering the fulfillment of global economic integration."

Mr Nendick defended Hong Kong against dumping charges.

"Imports from Hong Kong have sometimes been unfairly lumped together with imports from other much more significant suppliers and accusations are then made that they (Hong Kong products) represent a threat," he said.

But the allegations were unfounded, he said, because Hong Kong's market share in those products was small when compared with those of other suppliers.

Since Hong Kong has a totally free and open market, he argued, it was "clearly impossible for our manufacturers—many of them are very small companies—to sell goods below the cost of manufacture as they will go out of business."

"We haven't got the large trading conglomerates which some companies have to make dumping possible."

Hong Kong, he said, like other newly-industrialised economies, was giving considerable thought to becoming a donor member of the ADB.

"It is an indication of the prosperity of Hong Kong that we are now being considered by others as someone who should be contributing funds towards the prosperity of the rest of the region."

In recent years, Hong Kong has made a voluntary contribution of U.S.\$2 million (about HK\$15.6 million) to the Asian Development Fund, the soft-loan lending arm of the ADB.

The Hong Kong delegation assured fellow delegates that recent economic and political developments demonstrated that both the Chinese and British Governments were fully committed to the faithful implementation of the Sino-British Joint Declaration.

Mr Nendick said the international financial community had endorsed the declaration by continuing to make Hong Kong "first choice" as an Asian-Pacific regional base for international institutions.

He also stressed that providing stability for business and investment was a main objective.

The government remained firmly committed to the linked exchange rate system, at the present rate of U.S.\$1 equals HK\$7.80. He added: "It is a mistake to think that our objective is to iron out all fluctuations in the exchange rate".

Later he underlined the importance of Hong Kong as an intermediary between the economies of Mainland China and Taiwan.

"There is a substantial inflow of capital from Taiwan into Hong Kong, much of which may well have gone into China," he said. "Of the total capital investment in China, some two-thirds comes through Hong Kong."

Domestically, Mr Nendick said the government would continue to implement policies to fight inflation.

A key weapon was maintaining interest rates high as were consistent with stability in the exchange rate.

He said direct exports from Hong Kong this year have grown at a lower rate than last year and he expected that to continue. "The trend will have the effect of cooling down the economy," he said.

Mr Nendick also expressed confidence the government could successfully sell Hang Lung Bank.

"We have had a number of firm offers which we are now looking at" he said. "All of them are attractive offers."

#### Closer Ties With PRC Sought

OW0805045189 Beijing XINHUA in English 1345 GMT  
6 May 89

[Text] Beijing, May 6 (XINHUA)—Some foreign government ministers and bankers attending the annual meeting of the Asian Development Bank [ADB] in Beijing have shown great interest in expanding economic cooperation and trade with China.

Earl Drake, alternate governor from Canada, told XINHUA today: "China is modernizing and Canada can be a partner in helping it to modernize."

Mr Drake said Canada can help China in the training of management personnel, in modern technology and equipment and in improving trade relations.

A.K. Khandoker, ADB governor and Bangladesh minister of planning, said Bangladesh and China have a very close relationship. "We are very keen to establish joint ventures in Bangladesh with Chinese industries."

He said China has tremendous expertise in industry, and small industry in particular.

"What we need is industry based on cheap and relatively simple technology," he said. "It needs to be labor-intensive rather than technology-intensive. China has experience in setting up small industries at low cost."

Kyu Sung Lee, ADB governor from South Korea, told XINHUA that representatives of more than 120 banks and industrial corporations attended the ADB annual meeting in Beijing.

"They are now eagerly contacting partners in China," he said. "We are looking forward to close contact with China."



Indonesia Governor J. B. Sumarlin also said: "We want to step up trade relations with China. That will benefit both countries."

ADB President Masao Fujioka said at today's press conference that China is a big developing country and inflation is an obstacle to its development.

He added: "The Chinese Government is taking measures to curb inflation. We would like to see China develop economically and prosper with other Asian countries."

Although China was challenged by 18.5 percent inflation last year and by student demonstrations more recently, Fujioka said, "There is no danger to foreign investment in China, nor to China's open policy to the outside world."

#### Meeting Adjourned 6 May

OW0605142889 Tokyo KYODO in English 0643 GMT  
6 May 89

[Text] Beijing, May 6 KYODO—The Asian Development Bank (ADB) closed a three-day annual meeting here Saturday, after discussing a number of topics concerning its lending operations and projects the bank is expected to undertake in the 1990s.

ADB President Masao Fujioka, who is expected to resign at the end of October, gave his last speech to wrap up the meeting. Representing the host country, Li Guixian, chairman of the People's Bank of China, also gave a closing speech.

The 22nd ADB meeting, first to be held in the communist country, was attended by more than 2,000 delegates from the bank's 47 member nations.

The next general meeting will be held in New Delhi, India, presided over by new President Kimimasa Tarumizu, former director of the Customs and Tariff Bureau of Japan's Finance Ministry.

One of the key issues, the formation of an investment company to promote private investment in Asia, remains to be worked out by the ADB and interested private financial concerns, Japanese sources said.

The plan had been proposed to be launched this fall if approved by the ADB's full board at the Beijing meeting.

The ADB plan to create an organization jointly with the private sector has been backed strongly by Japan, but faced strong opposition by some industrialized member nations at the meeting.

The U.S. and West Germany were the most critical of the proposed scheme, raising doubts about Japan's interest in the proposed firm called "Asian Finance and Investment Corp. (AFIC)," the sources said.

In an apparent rebuke directed at Japan, U.S. Assistant Treasury Secretary Charles H. Dallara, head of a U.S. delegation, said the proposed scheme lacked broad and balanced participation by private sectors around the world, they said.

Under the plan, AFIC is to be 40 percent owned by Japanese, 30 percent by the ADB, 20 percent by other Asian companies and the rest by the U.S. and European firms.

A chief West German delegate also rejected the plan, saying private-sector efforts should be kept entirely within the ADB, according to the sources.

Currently, Japan and the U.S. are the largest donor nations to the ADB with contributions totaling 3.24 billion dollars each.

West Germany's contribution to the ADB is the eighth largest at 1.03 billion dollars.

As of end of 1988, the ADB's capital totaled 21.64 billion dollars.

Concerning Taiwan's participation in the ADB meeting, Li said in a press meeting earlier that the Taiwanese visit to Beijing, the first tour by a top-level delegation to the mainland in four decades, is welcomed by the world as well as by China.

Following its absence from ADB general meetings for the last two years, Taiwan, a founding member of the ADB, sent a 12-member delegation led by Finance Minister Shirley Kuo to Beijing for the latest session.

Taiwan's boycott began in 1986, when China became the 47th member of the ADB following three years of negotiation over its admission.

The official name of Taiwan in the ADB was then changed to "Taipei, China" from "the Republic of China," which Taiwan protested by boycotting ADB meetings.

In a warm gesture toward Taiwan, the Chinese host also told reporters that his country will encourage Taiwan's investment in the mainland.

Relating to China's economic reform, Li urged foreign companies to invest in such provinces as Fujian, Guangdong and Hainan, which are designated by the Chinese Government as special economic zones.

China's reform plan has been battered in the past few years by soaring inflation stemming from an acute shortage of goods throughout the country.

China recently vowed to undertake countermeasures, including the tightening of its monetary policy, in an effort to stem the rising inflation.

The Japanese sources said the delegates of the ADB member nations, 18 from industrialized nations and 29 from developing nations, agreed to support environmental projects in Asia.

Many officials emphasized the need for the ADB to help finance projects aimed at environmental preservation in the Asia-Pacific region.

Japanese Finance Minister Tatsuo Murayama said in his speech Friday that Japan would specifically support the project to preserve mangrove forests in the Pacific region.

Murayama said the depletion of tropical forests will eventually aggravate poverty in the area, where some 500 million people are estimated to be living in "absolute poverty."

The U.S. Was among those advocating environmental protection, the sources said.

The ADB, based in Manila, is a multinational financial body whose operations deal with lending and technical assistance to developing nations in Asia.

The bank's lending is primarily for agricultural, industrial and telecommunications projects undertaken by nations short of funds.

It lends funds mainly from its ordinary capital resources (OCR) and the Asian Development Fund (ADF), the bank's soft loan window.

Last year, the ADB committed a record 31.5 billion dollars, up 29.0 percent from the previous year.

Of the total, the OCR accounted for 20.6 percent, and the ADF 10.9 percent.

#### Commentary Views Results

OW0605105089 Beijing XINHUA in English 1018 GMT  
6 May 89

["Commentary: ADB Meeting Strengthens Cooperation for Common Prosperity"—XINHUA headline]

[Text] Beijing, May 6 (XINHUA)—The 22nd annual meeting of the Asian Development Bank ended here today with commitment and confidence to alleviate poverty, improve environment and strengthen economic cooperation among ADB members while leaving challenges, difficulties and arguments ahead.

Of the more than 2,500 bank governors, ministers and officials from 47 countries and regions attending the meeting, many, mostly from developing countries, called for readjustment of lending policy to accelerate the agro-economic development in line with the efforts to alleviate poverty.

Observers here pay special attention to the strategies and measures for common prosperity in the Asian-Pacific countries and regions that had been discussed during the meeting. They speak highly of the remarks made by ADB President Masao Fujioka at the closing session that ADB will give increased attention to its major objective—poverty alleviation.

Reports delivered at the annual meeting showed that developing and developed countries have different concerns. Developing countries, such as China and India, emphasized the importance of more investment in infrastructure, education and personnel training and the impact of regional protectionism to their economic development. On the other hand, developed countries, including Japan and the United States, stressed their ties with the Asian-Pacific region, openness of trade in merchandise and international debt strategy.

"Common prosperity" is a slogan shared by countries with different concerns. But whether their interests can be protected in the course toward common prosperity and whether their objectives can coincide with each other remain a question.

Governors from the United States and developed countries in Europe showed anxiety over the Japanese dominance in ADB. They split with Japan openly on the establishment of a proposed "Asian Finance and Investment Corporation (AFIC)." The establishment of the AFIC, for which Japan is a sponsor, is said to aim at broadening investment to private sectors. But some governors argued that the proposal was "inappropriate or needing much more thought and discussion." They held that "AFIC might compete with rather than complement the private sector."

Despite the differences, the ADB role in the 1990s, as agreed at the meeting, will be brought into full play through improvement of its future operations including expanding intra-Asian trade and investment to the benefit of the whole Asian-Pacific countries and regions.

#### AFP Reports on Outcome

HK0705092689 Hong Kong AFP in English 0925 GMT  
7 May 89

[By Philippe Ries]

[Text] Beijing, May 7 (AFP)—The member nations of the Asian Development Bank (ADB) agreed in principle at their meeting here to pursue new directions in the next decade despite serious differences on how the moves should be implemented.

The 47-member bank gave unanimous support at their annual meeting May 4 to 6 in Beijing for a report outlining the course the ADB will take into the next century.



The report was first announced in February by an independent group of experts led by former Japanese Foreign Minister Saburo Okita.

No open challenge was voiced at the meeting to the role of the private sector in development strategies and members agreed on the need to diminish poverty in Asia, the world's most dynamic region.

All agreed to the principle of an ADB-led multilateral dialogue to boost economic policies in developing member countries. Members called for stepped up environmental protection, echoing similar calls in other international forums.

But the new ADB president, expected to be Kimimasa Tsurumizu, a Japanese, faces the challenge of implementing the new directives agreed on at this 22nd annual meeting.

Masao Fujioka, also Japanese, will give up the presidency in November after eight years in office.

The new ADB directives reinforce the agency's support of a strong role for the private sector. The creation of the Asian Finance and Investment Corporation (AFIC), a proposed body where the ADB is affiliated with commercial banks, received a lukewarm response. The AFIC is to boost participation in private enterprises in developing countries.

Most European members questioned the need for such an initiative and how the AFIC conformed to the traditional role of the bank. Only France, with support from its government representative and a leading private financial institute Banque Indosuez, gave its support.

Mr. Fujioka told a press conference Saturday at the end of the meeting that the ADB affiliated with private banks could mobilise ten times more money than by acting alone, and without jeopardizing its credit on financial markets.

With Japan's support for the project, and agreement in principle by the United States, and the support of member countries in the region, Mr Fujioka's argument will likely win the case.

This year's meeting held for the first time in Beijing and a 1990 meeting planned for New Delhi underline the crucial role of China and India have to play in the future of the ADB.

Efforts to attack the problem of poverty, which affects 500 million people in Asia, must begin in the two Asian giants. But once again the implementation of a program poses a problem.

China refused to join the ADB until 1985 because of rival Taiwan's presence in the agency. India did not join the Manila-based institution for reasons of economic policy until 1986.

The enormous needs of these two countries would largely explain why the bank operations have increased over the past three years, after an earlier lull due to the economic take-off and growing wealth of a number of countries in the region.

The next step would be access for China and India to special credit from the Asian Development Fund, a special facility of the ADB. Japan and France voiced their support for such a move at the Beijing meeting.

The United States opposed the move while poor countries fear the two giants will gobble up the limited resources of the ADB.

The question will be studied carefully before the end of this year, Mr Fujioka said Saturday.

The debate will likely hinge on the proposed ADB-led multilateral dialogue aiming to enhance economic policies of developing member countries and on issues regarding environmental protection.

The challenge facing the ADB will be to step out of its traditional role of financing development projects—notably in infrastructure, agriculture, energy, and transport—without raising objection from governments concerned by effects on their sovereignty.

Indonesia gave evidence of such fears at the meeting by supporting a dialogue on projects affecting economic sectors while refusing any examination of macroeconomic policies.

Indonesian Finance Minister J. B. Sumarlin warned: "We would oppose the establishment of any direct link between the lending rates to each developing member countries and the result of a dialogue on economic politics."

#### More Coverage of Taiwan Participation at ADB

##### Presence 'Challenge to Mainland'

HK0305013789 Hong Kong HONGKONG STANDARD  
in English 3 May 89 p 8

[Text] Taiwan's official participation in the Asian Development Bank meeting in Beijing this week will present a serious challenge to the mainland while rallying supporters at home.

Despite an official statement that the high-level delegation, headed by Finance Minister Shirley Kuo Wanyung, has nothing to do with Taiwan's mainland policy, the trip will have a major impact on the island's relations with the mainland.

The visit—the first official one since the Kuomintang government fled to Taiwan in 1949—should be looked on in the light of Taipei's new policy plan of "one country, two governments."

The plan—under which Taipei and Beijing are accorded equal status as governments—was first mooted by Taiwan's Premier Yu Kuo-hua days before Taipei announced its decision to send a delegation to the bank's annual meeting.

Also within days of the announcement, Taiwan's Foreign Affairs Minister Lien Chan said Taipei would seek to re-establish ties with the international community.

On one hand, Beijing has welcomed the delegation and said it encourages further reconciliation and official contact between the two countries.

On the other, it is strongly opposed to the "two equal governments" approach, denouncing it as a move to perpetuate the separation of Taiwan and the mainland.

Against this background, Beijing will try to prevent the delegation from using the meeting to promote the plan.

In a report before the delegation arrived, the mainland's official XINHUA NEWS AGENCY said the bank would stick to its resolution that the delegation would be listed as "Taipei, China."

Calling it "Taipei, China" implies that Taipei—the capital city of Taiwan—falls under China.

Taiwan said that it would continue to negotiate with the bank over the name. It is believed that Beijing will insist the bank ensure the designation is adhered to during the meeting, which starts tomorrow.

In Taiwan, officials said the delegation had gone to Beijing as "representatives of the Republic of China"—the name by which the Kuomintang government claims to represent both nations.

This stance is primarily for domestic consumption, especially for members of the old guard who insist that Taiwan represents the whole of China.

To most people in Taiwan, the "one country, two governments" policy is acceptable.

The concept can be traced back to discussions by scholars and officials 10 years ago concerning divided nations like Germany and Korea.

During the discussions, it was proposed that international law should recognise the two nations. Since then, many models have been proposed.

Early last year, the proposal of "dual recognition" of both Beijing and Taipei by other countries stirred up heated debate in Taiwan.

Advocates of reunification as well as independence for Taiwan are not opposed to the approach because both camps can obtain what they want from it.

Pro-reunification forces say there is one China and that Taiwan must eventually be part of it.

Meanwhile, Taiwan can operate on its own while the two sides attempt to reconcile their political differences.

Those seeking independence say the "two equal governments" plan rejects the Kuomintang's claim to represent the mainland.

This means that the government only represents Taiwan and its adjacent islands—a view long held by independence activists.

The plan effectively makes Taiwan independent of China except in name.

The plan has helped to defuse the controversy about whether Taiwan should be reunified with the mainland.

To Beijing, it reflects a new pragmatism by the Kuomintang leadership under President Li Teng-hui.

Taiwan's softening of its claim to represent all China has provided a basis for further reconciliation and even official contact.

If the Kuomintang government accepts communist rule of the mainland, it should renounce the Temporary Provisions Effective During the Period of the Communist Rebellion, which were put into effect in 1948.

It, however, still treats Beijing as a rebel.

The arrival of the delegation at the meeting further erodes Taipei's policy of no contact, no negotiations and no compromises.

However, the "two equal governments" approach, which may be promoted at the meeting, worries Beijing deeply.

Whether the approach is feasible or not, it represents Taipei's determination to challenge the mainland's "one country, two systems" formula, which would make Beijing the central government and Taiwan a local authority.

If Taipei succeeds in gaining the same footing in international communities as Beijing through the "equal governments" approach, there is a fear that Taiwan would continue to oppose reunification on the mainland's terms.

Beijing's biggest fear is that Taiwan will heed local calls for independence from the mainland forever.

**Taiwan Reporter on ADB, Students**

OW0805114789 Taipei Domestic Service in Mandarin  
2300 GMT 5 May 89

[Broadcasting Corporation of China reporter Yan Ta-wei's report from Beijing—recorded]

[Excerpts] Good morning, ladies and gentlemen. This is Yan Ta-wei in Peiping.

At yesterday's session of the 22d annual meeting of the Asian Development Bank [ADB], Minister of Finance Shirley Kuo reported on our country's economic development, the Republic of China's plan for financial contributions to the ADB, and our readiness to help promote prosperity and progress in the Asia-Pacific region.

Minister Kuo began her report with a protest of the ADB's unscrupulous change of the official title of our country's membership, then delivered a 13-minute speech. After her report, Minister Kuo held a news conference and answered reporters' questions about the specific actions our country will take to express its protest with the ADB. Minister Kuo stressed at the news conference that, instead of showing our protest placard or covering the name of China, Taipei, we have resorted to expressing our protest through formal speeches, which will enter into the meeting's official records. She said that would be more effective than showing a placard or covering the name. [passage omitted]

Qiu Qing, deputy governor of the Chinese Communists' People's Bank of China, also gave a news conference yesterday morning. As anticipated, she assumed a high-handed posture while answering—or refusing to answer—the various questions raised by reporters from Taiwan. When a reporter asked her: Since the Chinese Communists have unreasonably asked the ADB to change our official title, can we also ask the ADB to change the title of other member countries, including that of the mainland? Qiu Qing replied, bluntly: Your question is very impolite. She refused to answer the question. [passage omitted]

During the same news conference, one reporter asked: Why were Mainland China's public security personnel so rude to reporters? Qiu Qing answered: If reporters behaved properly, the rudeness would not be necessary. [passage omitted]

Minister Kuo also mentioned at her news conference that the people here are very friendly. I think all visitors in Peiping will agree with her as long as they do not leave the tourist hotels. We want to point out that most of the tourist hotels on Mainland China are joint ventures or operated by foreign investors. All the attendants are selected from thousands upon thousands of applicants. All the male attendants are handsome and all the females are feminine and good-looking. A cler professional training, their service is definitely better than that of Taipei's tourist hotels. [passage omitted]

When you step into a state-run restaurant, however, you can see the other world. We had the experience of dining out. When we tried to eat at two different state-run restaurants, we were denied entrance on both occasions. [passage omitted]

Today Minister Kuo will have a rather important itinerary. She is scheduled to have a short meeting with U.S. Assistant Secretary of the Treasury Dallara and a member of the U.S. delegation. Their discussion will probably deal with the sensitive issues concerning exchange rates and [Taiwan's] favorable trade balance. Minister Kuo has time and again stressed that the meeting will not be an official negotiation but an informal talk to exchange views. [passage omitted]

Peiping's student unrest has subsided since yesterday. The students at most universities and colleges have resumed classes, but students at some universities such as Peking University, the Peking Teacher-Training University, and the People's University are still on strike. These students are extremely angry and disappointed because the Chinese Communist authorities have failed to respond to their demands and request for dialogue. Undeniably, the students have very limited resources. Under pressure from families and schools, limited financial resources and physical strength, as well as worries about their future, they cannot possibly fight the Chinese Communists on a protracted basis. [passage omitted]

**Kuo Meets With U.S. Envoy**

OW0705003889 Taipei CNA in English 1527 GMT  
6 May 89

[Text] Peiping, May 6 (CNA)—Finance Minister Shirley Kuo of the Republic of China [ROC] met with U.S. Assistant Treasury Secretary for International [as received] Charles Dallara in Peiping Saturday to exchange views on ROC's economic development.

Kuo told Dallara that the ROC's trade surplus with the United States had been reduced substantially in the past few years. The reduction in percentage, she said, was bigger than Japan and South Korea have done in their trade surpluses with the United States.

The ROC's currency's exchange rate issue was not taken up in their talks.

Dallara said he was happy with the ROC's efforts to correct the trade imbalance between the two countries and pleased with New Taiwan dollar's existing exchange rate with the U.S. dollar. Kuo and Dallara were in Peiping for the May 4-6 annual meeting of the Asian Development Bank's Board of Governors.



**Results of Attendance Analyzed**

HK0805011589 Hong Kong HONGKONG STANDARD  
in English 8 May 89 p 7

[By Tammy Tam in Beijing]

[Text] Despite the attention focussed on Taiwan's decision to end its 40 years of isolation from the mainland, not everyone is convinced the move was in the best interests of reunification.

Mainland analysts see the Taiwan delegation's visit to Beijing for last week's Asian Development Bank (ADB) meeting as the first move towards the establishment of official contacts between the two old enemies.

But they said it did not necessarily indicate reunification was any closer.

"The delegation did not come to talk to the mainland, but only to attend an international meeting," said one. "It is a sign that Taiwan is re-entering the international arena."

Mr Li Jiapuan, vice-president of the Institute of Taiwan Studies, has said the visit may make a fact of Taipei's proposed policy of "one country, two governments," under which Taipei and Beijing are treated as equal powers.

Beijing rejects the policy, insisting on the supremacy of China's Government.

Despite Taipei's continued objections to being identified by the ADB as "Taipei, China" rather than the "Republic of China," delegation leader Madam Shirley Kuo did not make a major issue of the dispute. She also made the decision that Taipei delegates should stand during the playing of the Chinese national anthem.

Madam Kuo was criticised for the decision. Taipei journalists saw the move as an insult, though one argued that it could likewise be a subtle government move towards promoting independence.

"Standing up to salute the national anthem of Mainland China means that Taiwan recognises (Beijing) as a legitimate government. Meanwhile, it also indicates that Taiwan was acting as another independent country," the reporter said.

Another Taiwan source said the ruling Kuomintang was split over how the delegation should act during the conference.

President Lee Teng-hui felt delegates ought to act "properly, according to international regulations" as a legitimate ADB member. Others, led by Premier Yu Kuo-hua, argued they should continue to protest strongly against the name change imposed when the mainland joined the ADB three years ago.

The difference in opinion was reflected among delegates. Foreign Ministry adviser Hsueh Yu-chi told reporters on the day the delegation arrived that they would insist on being recognised as the Republic of China.

But at a subsequent news briefing, Madam Kuo said actions related to the name dispute were her responsibility, and that she intended to "negotiate" with officials rather than force a confrontation.

According to Taiwan journalists, the delegates met for an urgent meeting on the night before the official opening, to discuss how they should behave.

After several hours of heated debate, Madam Kuo said she would take full responsibility for the decision to stand during the anthem and avoid disrupting the event.

Mainland authorities, meanwhile, ensured China's official press did not "overreact" to the visit. No special arrangements were made, as Beijing sought to avoid giving the impression it was overly pleased by the presence of the Taiwanese.

Nonetheless, said one analyst, the visit "has unavoidably affected mainland officials, whether consciously or unconsciously, and this will lead to better mutual understanding between the two sides, which will be good for the development of future relations."

**World Bank To Support PRC Health Services**

OW0905123289 Beijing XINHUA in English  
2348 GMT 5 May 89

[Text] Washington, May 5 (XINHUA)—The World Bank has decided to support China's effort to integrate regional health service with a credit of SDR [as received] 39.4 million, or roughly 52 million U.S. dollars.

The World Bank announced Thursday that the loan will be provided through its concessionary lending affiliate, the International Development Association (IDA).

The project will establish a framework for integrating health services at the regional level, introducing new approaches to the health policy and planning, and improving the delivery and evaluation of services.

Under the 5-year project, 3 health regions will be established in the provinces of Zhejiang, Jiangxi, and Shaanxi to try new ways to improve planning and delivery of health services for 12 million people.

China's local governments will contribute more than half of the total financing for the 113-million-dollar project, designed to meet the changing needs of China's population.

The interest-free loan has a term of 35 years, including 10 years of grace.

**PRC Cooperates With FRG, Australia, Pakistan**  
*OW0905121389 Beijing XINHUA Domestic Service*  
*in Chinese 1146 GMT 26 Apr 89*

[Local Broadcast News Service]

[Text] Beijing, 26 Apr (XINHUA)—Recent developments in Chinese-foreign cooperation:

**China and the Federal Republic of Germany [FRG]  
Cooperate in Professional Training**

FRG's (Hans Saldel) Foundation, which has been helping China with training workers before and after employment, recently invited nearly 50 Chinese students, who had studied in the FRG on scholarships offered by the foundation, to a forum in Shanghai to exchange experiences in the fields of physics, machinery, chemistry, biology, and electrical engineering. The foundation is one of the four largest foundations in Federal Germany, and one of its major efforts is to assist China in professional training.

**China and Australia Sign Memorandum on Energy  
Cooperation**

According to the memorandum of understanding on energy cooperation signed recently in Canberra, China and Australia will form a joint working group to maintain regular high-level consultations on general energy policies of the two countries and relevant technological exchanges. At a recent meeting, representatives of both sides expressed satisfaction with cooperation in the fields of economy and trade between the two countries. The ministers also discussed the feasibility of prospecting for, development, and production of gold in China through bilateral cooperation.

**China and Pakistan Sign Protocol on Scientific and  
Technological Cooperation**

The ninth protocol on scientific and technological cooperation between China and Pakistan was signed recently in Islamabad. According to this protocol, both sides will cooperate on 24 items involving agriculture, energy, health work, and computers. Since the signing of the first protocol on scientific and technological cooperation between China and Pakistan in 1976, the two countries have cooperated on 180 items involving industry, agriculture, energy, and mining.

**Commentary Views Japanese-U.S. Economic Friction**  
*HK0805132089 Beijing RENMIN RIBAO in Chinese*  
*2 May 89 p 3*

[Commentary by staff reporter Yu Qing (0060 7230):  
"Tension Mounts Again in Japanese-U.S. Economic  
Relations"]

[Text] Tokyo, 30 April—On 28 April, prior to his departure for the United States, Japanese International Trade and Industry Minister Hiroshi Mitsuzuka made a report to Prime Minister Noboru Takeshita, saying that recent Japanese-U.S. economic relations were facing an unprecedented crisis.

On the following day (28 April), three items of news on Japanese-U.S. economic friction came in one day: The United States decided to apply sanctions against Japan in the field of telecommunications equipment; the U.S. Trade Representative Office released a 1989 report on foreign trade barriers, saying that Japan had adopted trade protectionism on 34 items and indicating that the United States would adopt retaliatory measures in line with Article 301 of the U.S. Comprehensive Trade Law; and, after haggling for more than a month, Japan again was forced by the United States to reach a compromise on the joint development and manufacture of new FSX fighter planes.

Ever since George Bush entered the White House, people in Japanese economic circles have predicted that according to the lineup of the new U.S. administration, Japanese-U.S. economic relations will be more tense than they were during the Reagan era. However, Japanese-U.S. economic friction is facing an unexpectedly grim situation with Bush having been in power for only 100 days. For this reason, and taking advantage of several holidays in a row during the golden week, the Japanese International Trade and Industry Minister and Agriculture, Forestry, and Fisheries Minister rushed to the United States to seek measures to prevent the friction from deepening.

Against the background of Japanese-U.S. economic friction, with the exception of the fact that Japan continues to enjoy a huge trade surplus with the United States, an unchanging factor, tremendous changes have taken place in many other areas.

The first is mutual understanding between both parties. On the U.S. side, public surveys show that the greatest threat facing the United States today is held to be Japan's economic power rather than Soviet military strength, as it was previously. On the Japanese side, with the rise in its economic strength, some people hold that since Japan and the United States are two mature partners, it is unnecessary for Japan to act upon whatever the United States says, as was the case in the past. Given this background, the United States has an even greater motive to "rap" Japan, while the latter is no longer as submissive as it was before, and does not make concessions lightly. As economic friction occurs, it is much more acute than it was in the past.

The second is that the friction between both parties happens at a higher level, on a larger scope, and with greater frequency. In the past, economic friction mostly centered on ordinary manufactured goods and farm produce, such as television sets, cars, beef, and citrus. Now, the hot spot of friction has shifted to high technology fields, such as giant computers, super-conductor study, and telecommunications equipment. In the past, the dispute centered on a specific product and now it is an "all-directional" friction from the circulation system and investment method to acknowledging property rights and



defense responsibility. In the past Japan and the United States had a heated argument once every few years but now they are engaged in one several times a year.

The third is that the United States strives for specific and definite commitments. The United States says that when there was a friction over semiconductors, Japan promised to allow foreign products to account for 20 percent of the Japanese semiconductor market in the early 1990's, but the percentage has reached only 11 percent. The United States denounced Japan for not honoring its promise but Japan denied having made such a promise. Drawing a lesson from readily believing a "gentlemen's agreement," the United States, in the current talks on new fighter planes, insisted that both parties should state clearly in the agreement the specific time and percentage. We can thus see that the atmosphere of mutual trust between both parties has thinned.

Both parties are not altogether satisfied with the method of cutting fragrant-flowered garlic that they have taken so far. However, with regard to the roots of fragrant-flowered garlic, i.e., the cause of friction, both parties have different interpretations. The United States criticizes Japan for failing to vigorously open the market and for adopting trade protectionism. Japan holds, however, that the competitiveness of U.S. products has dropped, that their different trade structures make it difficult to reduce the U.S. trade deficit, and that the United States has not made sufficient efforts.

People here hold that because the economic interests of the two countries are, to a large extent, interdependent, they can hardly part from each other despite the fact that they are inextricably involved in a dispute. In the near term, it remains difficult to find good medicine to effect a radical cure for this difficult and complicated case of economic friction.

**International Scholars Discuss May 4th Movement**  
*OW0605061389 Beijing XINHUA in English*  
1441 GMT 2 May 89

[Text] Beijing, May 2 (XINHUA)—Some 100 Chinese and foreign scholars met at a symposium celebrating the 70th anniversary of the May Fourth Movement today and discussed the destiny of Chinese intellectuals.

Some participants contended that Chinese intellectuals should develop independent characteristics while carrying on the fine traditions of the May Fourth Movement and emphasizing social responsibility.

Participants in the symposium come from the Chinese mainland, Taiwan, Hong Kong, the United States, the Soviet Union, Japan, Singapore and Australia.

The symposium, the first non-governmental academic event focusing on the May Fourth Movement, was sponsored by the China Academy of Classical Learning, the Beijing 21st Century Research Institute, the Hong Kong Chinese University and the Hong Kong University.

**Southeast Asia & Pacific**

**PRC, SRV Resume High-Level Talks on Cambodia**

**No Official Word on First Session**  
*OW0805123889 Tokyo KYODO in English*  
1222 GMT 8 May 89

[Text] Beijing, May 8 KYODO—China and Vietnam resumed high-level diplomatic talks here Monday after a four month break in hopes of making major progress on resolving the Kampuchea conflict prior to the Sino-Soviet summit.

Vietnam's First Vice Foreign Minister Dinh Nho Liem, who arrived in Beijing last Saturday, held the first round of three-day talks with his Chinese counterpart, Vice Foreign Minister Liu Shuqing, at the Foreign Ministry, diplomatic sources said.

There was no official word on Monday's session but an informed source said the two sides spent most of their time outlining their position during the opening session which lasted eight hours.

The Chinese and Vietnamese resumed their vice ministerial discussions just six days after the Jakarta talks between Prince Norodom Sihanouk, leader of the China-backed Kampuchean resistance movement, and Hun Sen, premier of the Hanoi-backed government in Phnom Penh.

The official Chinese media has reacted negatively to the May 2 Jakarta meeting, with one newspaper describing Hun Sen's concession over the name, flag and anthem of Kampuchea as "a new little handiwork."

The GUANGMING DAILY, in a commentary Sunday, also criticized Hun Sen for attempting to maintain his faction's grip on Kampuchea under ultimate Vietnamese control.

Vietnam announced last January it will unilaterally withdraw all its troops from Kampuchea by September 30.

China initially welcomed the move but now feels that Hanoi is maneuvering to exclude the Pol Pot faction from the Kampuchean government.

China has been trying to distance itself from the Pol Pot faction, which is accused of killing hundreds of thousands of Kampuchean during a four-year reign in the 1970s, but fears that the Vietnamese-backed Heng Samrin government in Phnom Penh will tighten its rule once the Pol Pot faction is removed.

Vietnam has said it wants to normalize its ties with China, but Beijing insists that there will be no reconciliation unless there is a satisfactory political settlement over the Kampuchean issue.

Soviet leader Mikhail Gorbachev is arriving in Beijing next Monday, and Chinese officials have said they want to put the Kampuchean issue on the summit agenda.

**'Cordial Atmosphere' in Second Round**

HK0805123889 Hong Kong AFP in English 1236 GMT  
8 May 89

[By Patrick Lescot]

[Text] Beijing, May 8 (AFP)—China and Vietnam opened a second round of talks here Monday on normalising relations, with the focus on Cambodia and a role for the Khmer Rouge after the Vietnamese troop withdrawal, a Vietnamese diplomat said.

Vietnamese First Vice Foreign Minister Dinh Nho Liem met his Chinese counterpart Liu Shuqing early Monday "in a cordial atmosphere," he said.

He said the talks focused on an international conference on Cambodia set for August in Paris and on a future role for the Khmer Rouge in a post-withdrawal coalition government headed by resistance leader Prince Norodom Sihanouk.

China and Vietnam have agreed that the former Cambodian monarch should return to head the Phnom Penh administration after the troop pullout, which Hanoi has pledged to complete by the end of September.

The three resistance factions, the Hanoi-backed Phnom Penh government, the Soviet Union, Vietnam, China and leading Western nations are expected at the Paris conference to choose an international control mechanism to supervise a future Cambodian settlement.

China has promised to end its military support for the Khmer Rouge after the Vietnamese withdrawal. Hanoi's announcement last month that it was pulling out its troops was a major concession to Chinese and international pressure.

Mr. Liem's talks here are to continue until Thursday, when he will go to the southern city of Guangzhou before returning to Hanoi.

Vietnam is expected to seek an assurance from Beijing that the proposed participation of the Khmer Rouge in a quadripartite government in Phnom Penh would not pose a threat to Prince Sihanouk, observers said.

Beijing and Prince Sihanouk have insisted on Khmer Rouge participation and given assurances that the group, the most powerful faction in the U.N.-recognized resistance coalition, will not try to take power.

The Khmer Rouge, under the leadership of Pol Pot, was held responsible for the deaths of hundreds of thousands of Cambodians during its four years in power before being overthrown by Vietnamese troops in January 1979.

China is expected to seek guarantees from Mr Liem that Hanoi will relinquish its grip on Phnom Penh affairs.

The talks may also cover the repatriation of Vietnamese civilians who have settled in Cambodia since 1979, estimated by the resistance to number in the hundreds of thousands, a Western diplomat said.

Mr. Liem's stopover in Guangzhou is officially for "tourism," a Vietnamese source said.

The southern city, as well as nearby Hainan Island, house Chinese naval bases serving the disputed Spratly Islands, site of a bloody naval clash between the two countries in March 1988.

On Saturday, the day Mr. Liem arrived in Beijing, China protested Vietnamese "provocation" in the islands, which are claimed in whole or in part by China, Malaysia, the Philippines, Taiwan and Vietnam.

But Sino-Vietnamese relations appear to be warming.

Border trade has been revived in the past few months and has reached previous levels at several points on the border, where fighting, skirmishes and artillery fire have been a steady diet for nearly 10 years.

China and Vietnam fought a brief border war in February 1979 after Beijing retaliated against Hanoi's military intervention in Cambodia two months earlier.

The Sino-Vietnamese talks come a week before the arrival in Beijing of Soviet leader Mikhail Gorbachev for a summit meeting with Chinese leader Deng Xiaoping expected to focus largely on the Cambodian issue.

Mr. Liem is expected to meet Chinese Foreign Minister Qian Qichen before leaving Beijing.

Vietnamese Foreign Minister Nguyen Co Thach will likely visit Beijing in the next few months, diplomatic sources said.

The first Sino-Vietnamese talks towards normalisation were held in Beijing January 14-20.

**Progress Noted at Cambodia Talks in Jakarta**

OW0905064789 Beijing International Service  
in Mandarin 0900 GMT 8 May 89

[Station roundup: "Progress at Jakarta Talks"]

[Text] Samdech Sihanouk, president of Democratic Kampuchea; Son Sann, prime minister of the Coalition Government of Democratic Kampuchea [CGDK]; and Hun

Sen, premier of the puppet regime in Phnom Penh, held talks in Jakarta, capital of Indonesia, on 2 and 3 May to seek a reasonable way to solve the Cambodian issue.

The participants reached unanimous understanding on two points at the meeting. One was that both sides agreed to hold an international conference to discuss the Cambodian issue. The other was that both sides noted that there were differences in the handling of internal affairs in the country.

Concerning the international conference, both sides agreed to ask UN Secretary General de Cuellar and Indonesian Foreign Minister Alatas to make preparations for the conference. The preparations will include a decision on the number of countries to be asked to take part in the conference, the location of the meeting, and other matters. An international supervisory organization will be formed at the conference. The functions, personnel, and supplies of the international supervisory organization will also be discussed at the conference. Unanimous agreement on this matter signified a change in the form and content of the talks on the Cambodian issue. The structure of the conference will be changed from the past regional conference to an international conference with the participation of members of the UNSC and other countries. As to the content of the conference, only matters of principle were discussed in the past, but now, specific matters will also be discussed.

The unanimous opinions on holding an international conference are in fact the result of the initiative taken by the CGDK in order to break the deadlock of the talks. Earlier, the CGDK put forward a proposal calling on the United Nations to form an international peace preservation force and an international supervisory committee to supervise the withdrawal of troops by Vietnam and a general election in Cambodia. However, Vietnam and the puppet regime in Phnom Penh rejected the proposal. They suggested that an international supervisory organization be formed and unilaterally nominated a number of countries for the supervisory organization. Later, Sihanouk said that, for the sake of peace in Cambodia, he would not put forward the proposal for an international supervisory committee and accepted Vietnam's suggestion on setting up an international supervisory organization with the condition that the formation of the international supervisory organization would be decided by the international conference.

Concerning the second point at the Jakarta talks, it was actually a tit-for-tat argument. Hun Sen wanted to have a general election in Cambodia without the slightest change to the Phnom Penh regime. However, Democratic Kampuchea wanted to form a four-party provisional government for national reconciliation in order to organize a reasonable and just general election. Nevertheless, Hun Sen put forward a counter suggestion, calling for the formation of a supreme committee for the country to organize the general election.

The essence of the differences is whether to preserve the Phnom Penh regime or to change the Phnom Penh regime. Other different views at the talks included Hun Sen's vigorous attempt to expel the Khmer Rouge and his opposition to the formation of a four-party provisional government for national reconciliation. Sihanouk and Son Sann both clearly pointed out that the Khmer Rouge must be included in any kind of four-party agreement. Hun Sen's attempt to expel the Khmer Rouge is to make preparations for a civil war.

Observers are convinced that the progress of the latest Jakarta talks only include the change in the form of talks and an agreement on including specific matters in future talks. Substantive differences still exist. On the other hand, the progress of the talks is based on the premise of Vietnam's announcement on withdrawing its troops in September. If Vietnam again goes back on its word, then all unanimous opinions of the various sides will vanish like bubbles.

**Report on Sihanouk's 8 May News Conference**  
JK0905122189 Beijing in Cambodian to Cambodia  
1030 GMT 9 May 89

[Text] On 8 May, Samdech Sihanouk, president of Democratic Kampuchea, reiterated that he firmly adheres to the complete withdrawal of Vietnamese troops from Cambodia, with him presiding over the setting up of a four-party Cambodian coalition government to solve the decade-long Cambodian problem.

Samdech Sihanouk said this in a press conference held following the acceptance of credentials from Chinese, Korean, and Senegalese ambassadors to Cambodia at a base in Oddar Meanchey Province, Cambodia, on 8 May. The samdech said the withdrawal of Vietnamese troops should be under the supervision of an International Control Commission [ICC] which should also supervise general elections and ensure peace and stability in Cambodia. The samdech noted that the ICC should stay in Cambodia for at least 5 years. Sihanouk said that he has put forward a proposal on convening an international conference to decide on the establishment of an ICC. The secretary general of the United Nations, the five permanent members of the UN Security Council, the ASEAN countries, Australia, New Zealand, Japan, India, Vietnam, Laos, and the four Cambodian parties should be present at this conference. The samdech would not object to adding others countries if necessary.

Samdech Sihanouk said Hun Sen recently rejected the establishment of a four-party coalition government at the talks in Jakarta and demanded the setting up of a two-party coalition government which comprises only the parties of Hun Sen and Sihanouk. The samdech proposed, however, the establishment of a four-party coalition government to include the parties of Sihanouk, Hun Sen, Khieu Samphan, and Son Sann; otherwise,



there would be no peace in Cambodia. The samdech said that if there is a civil war after the end of the resistance struggle against the Vietnamese, this is not a solution.

**Refugees Note Vietnamese Control Over Phnom Penh**  
OW0805055589 Beijing XINHUA Domestic Service  
in Chinese 1106 GMT 7 May 89

[Local Broadcast News Service]

[Text] Beijing, 7 May (XINHUA)—Talk on Current Events: Let Us See Whose Land Today's Phnom Penh Is

In a thatch shelter at the southern foot of Bian-dan [name as received] Mountain, a group of refugees who had just come from Phnom Penh told a XINHUA reporter team: In the city of Phnom Penh, Vietnamese account for 60 percent of the total population. All the rich people are Vietnamese, while most of the poor are Khmers. When a Cambodian wants to go out of the city, he must obtain approval from the Vietnamese. Whose land is Phnom Penh, after all?

The reporters interviewed two groups. One group consisted of five people who fled Phnom Penh on 24 March this year. They belonged to four families. Their leader was Aisuji [name as received], a former surgeon of the Gaidumili [name as received] Hospital in Phnom Penh. Aisuji said: The residents of Phnom Penh feel more and more keenly the taste of being treated as second-class citizens. All administrative organs of the Phnom Penh authorities, all hospitals, and all schools have Vietnamese advisers. In Phnom Penh's new market and other bustling shopping areas, only "state-owned stores" and Vietnamese-operated stores can be established, while no Cambodians are allowed to do business there. If a private Cambodian house is desired by the Vietnamese military authorities, the occupants of the house must unconditionally move out. Moreover, the Cambodians have no freedom to travel. If they want to go to other provinces and cities, they must ask for leave and obtain a permit from the Vietnamese military adviser concerned. In Phnom Penh, all pedicab drivers, porters, and coolies are Khmers. Most of the beggars on the streets are disabled soldiers of the Heng Samrin regime or injured and sick civil laborers who were previously drafted to build fortifications on the border. They cannot live on the small pension received from the authorities. She continued: On the surface, Vietnamese service members are being reduced in number, but there are more and more plainclothes Vietnamese officers and men in various trades and professions. Vietnamese advisers exist in all government organs and enterprises. In the hospital where she worked, there were 10 Vietnamese doctors with the military rank of colonel. Bola [name as received], a former logistics clerk of the Phnom Penh City Police Bureau, said: The residents of Phnom Penh bitterly hate the Vietnamese, but they are forced to keep their resentment to themselves. Each time the Vietnamese Army held a "partial troop withdrawal" ceremony, the authorities concerned would force the citizens to go

to the streets to send them off. Whoever refused would be accused of "opposing Cambodian-Vietnamese unity," forced to do "political study" and "physical labor," or even sent to jail.

In the interviews, the reporters learned that prices have skyrocketed in recent years, leaving a big gap between the rich and the poor. The average monthly wage of a government employee, teacher, or doctor is from 400 to 600 riel (\$1 is equivalent to approximately 120 to 140 riel). After deducting the equivalent of 19 kg of rice at the official price, which is supplied to each individual every month, the actual income of each individual averages 200 to 400 riel. This year the black market price of rice is 25 riel per kg, beef 120 riel per kg, and fish 120 riel per kg. In fact, the monthly wage of an ordinary citizen is only enough to provide him with the minimum subsistence for 10 days to half a month. Aisuji, who is still single, had to lie by saying that "her child was sick" in order to get at least 3 days leave a week. She spent her leave selling cigarettes. She also stole medicine from the hospital to sell on the black market.

#### Philippine Leaders on Sino-Soviet Rapprochement

**Senators Cited on Meeting**  
OW0605173089 Beijing XINHUA in English 1558 GMT  
6 May 89

[Text] Manila, May 6 (XINHUA)—Rapprochement between China and the Soviet Union will provide a better atmosphere for security and peace in Asia and the Pacific, Philippine senators said here today.

Commenting on the coming trip of Soviet leader Mikhail Gorbachev to China and the summit meeting between Chinese and Soviet leaders, Senate President Jovito Salonga told the press that the Philippines stands to benefit from the Sino-Soviet rapprochement.

He said that regional conflicts, particularly the Kampuchean question, "will surely be taken up by China because it believes that Vietnam is heavily influenced by the decisions of the Soviet Union."

"Gorbachev has shown himself to be a forward-looking man and is more interested in relaxing tensions and conflicts than in military might or in military expansion. The Soviet leaders have to attend to their economic problems in the Soviet Union," Salonga said.

Senator Aquilino Pimentel, chairman of the Senate Local Governments Committee and a member of the Philippine delegation to Moscow in July last year, believed that Gorbachev's visit and his meeting with Chinese leaders will bring about peace in the region.

He expressed the hope that the Soviet Union and China will succeed in normalizing their relations and, in the process, contribute to peace in this area.

Senator Leticia Ramos Shahani, chairperson of the Senate Committee on Foreign Relations, said that the Sino-Soviet summit "will have enormous significance to the rest of the world."

"As long as Vietnamese troops remain in Kampuchea, Vietnam will be viewed as an imperial power," she said, adding that the Kampuchean issue is "the thorn" in ASEAN's relations with Vietnam.

Shahani said that both China and the Soviet Union "are positive towards solving the Kampuchean conflict."

The Sino-Soviet summit "will ease the tension in Kampuchea and maybe they can come up with a government that will be acceptable to all concerned," Shahani said.

#### Foreign Secretary Welcomes Summit

OW0705220389 Beijing XINHUA in English 1447 GMT 4 May 89

[Text] Manila, May 4 (XINHUA)—Philippine Foreign Affairs Secretary Raul Manglapus said here today that the coming Sino-Soviet summit meeting "should be welcomed by everyone."

Speaking at a press conference, Manglapus said that the visit of Soviet leader Mikhail Gorbachev later this month and the ensuing summit meeting between the Chinese and Soviet leaders would "reduce the tensions between the two great countries."

"We see only benefits if there should be a renewal of the friendly relations between China and the Soviet Union," the foreign secretary stated.

Meanwhile, Senator Leticia Ramos-Shahani, chairperson of the Senate Committee on Foreign Relations, said in an interview that she was glad that the Sino-Soviet summit is coming.

"I believe it is time that the Soviet Union and the People's Republic of China clarify many things between them. This is good for their bilateral relations. It is also good for the peace in the region," Shahani said. "I welcome it as a way of lessening tension in our region," she added.

The veteran diplomat expressed the belief that the Philippines "will profit from this meeting between the leaders of the two great countries."

The talks between the Chinese and Soviet leaders would help in the promotion of such issues as trade, disarmament, people-to-people exchange and security matters, she said.

#### Malaysia To Relax Conditions for China Visits

OW0705105789 Beijing XINHUA in English 0954 GMT 7 May 89

[Text] Hong Kong, May 7 (XINHUA)—The Malaysian Government will announce details of the relaxed travel conditions for Malaysians to visit China before June, Deputy Foreign Minister Datuk Dr Abdullah Fadzir Che Wan said today, according to the Malaysian News Agency BERNAMA.

Speaking to reporters at the "open house" hosted by Malaysian Deputy Prime Minister Encik Ghafar Baba at the Putra World Trade Center in Kuala Lumpur, the deputy foreign minister said the conditions for visiting China for businessmen, professionals and tourists and for those seeking medical treatment or visiting relatives would be spelled out.

He said, however, the government would not allow any individual to travel to China alone. "We will only allow them to travel there in groups as tourists," he added.

The Malaysian cabinet, at its meeting last Wednesday, decided to lower the age limit from 55 to 30 for Malaysians to visit China as tourists, BERNAMA said.

It also reduced the age eligibility for Malaysians from 60 to 50 years to visit relatives while those seeking medical treatment can now use documents from private hospitals or doctors to obtain approval.

The Malaysian Government hoped the move would help improve trade and political relations between the two countries, the report said.

#### Sino-New Zealand Trade Gap Widening

HK0805111389 Beijing CHINA DAILY (BUSINESS WEEKLY SUPPLEMENT) in English 8 May 89 p 2

[By staff reporter Qi Hongmin]

[Text] The volume of Sino-New Zealand trade and economic co-operation is growing steadily, but so is China's trade deficit.

According to the China General Administration of Customs, trade between the two countries in the first quarter of this year reached \$118 million—compared with a total trade value last year of \$380 million, according to the Ministry of Foreign Economic Relations and Trade (Mofert).

But the direction of this year's trade has been largely one-way—with China importing about \$110 million in goods from New Zealand and exporting only \$7.32 million. That leaves a trade deficit of more than \$103 million.



According to Custom's statistics, New Zealand's exports to China increased 55.3 percent compared with the same period of 1988, while China's exports decreased by 8.42 percent.

Officials give various reasons for the widening trade gap.

New Zealand's main products to China are basic and raw materials such as wool, steel, lanolin, wood pulp, paper, cream, butter and powdered milk, all of which are important and necessary materials for China's economic development.

Wool and steel have dominated China's imports from New Zealand in the past few years.

Among China's exports to New Zealand are chemical and light industrial products, foodstuffs, tea, arts and crafts items, livestock products, machinery, pharmaceuticals, textiles and garments.

To reduce the deficit, Chinese trade departments are trying to step up exports by improving product and package quality.

Meanwhile, businessmen from the two countries are negotiating new items for trade including crude oil and electric appliances.

Last November, the two countries signed an investment protection agreement.

New Zealand has established six equity and six contractual joint ventures, one of which was in the form of compensation trade.

**Wang Bingqian Fetes Western Samoan Minister**  
*OW0905064389 Beijing XINHUA in English*  
1034 GMT 8 May 89

[Text] Beijing, May 8 (XINHUA)—Chinese State Councillor and Minister of Finance Wang Bingqian met and hosted a dinner for Tuilaepa Sailele Malielegaoi, minister of finance of Western Samoa, and his party here tonight.

**Thailand's Chia Tai Delegation Visits Jilin**  
*SK0905103489 Changchun Jilin Provincial Service*  
in Mandarin 2100 GMT 8 May 89

[Text] A five-member delegation of Thailand's Chia Tai group of companies, headed by (Wang Jingwu), vice president of the group, arrived in Changchun from Beijing by plane on 7 May.

That same evening, Wang Zhongyu, governor of the provincial government, met with and feted (Wang Jingwu) and his party at the Nanhu Guesthouse. Responsible comrades of relevant departments, including the provincial Foreign Affairs Office, attended the meeting to help entertain the guests of honor.

Both sides jointly reviewed the fruitful achievements in cooperation made in the past, talked about the implementation of agreements that had been signed, and exchanged views on further expanding the sphere of cooperation.

At noon that day, provincial vice governor Gao Wen met with the delegation and held friendly talks on the issue of bilateral cooperation.

The delegation will hold talks with the provincial planning and economic committee and the provincial committee for foreign economic relations and trade and will visit and investigate Jilin, Siping, and Dehui.

### Near East & South Asia

**Iranian President Khamene'i Commences Visit**

**Arrives in Beijing 9 May**  
*OW0905013989 Beijing XINHUA in English*  
0031 GMT 9 May 89

[Text] Beijing, May 9 (XINHUA)—Iranian President Hojjat ol-Eslam Seyyed 'Ali Khamene'i arrived here this morning for a six-day official visit to China at the invitation of Chinese President Yang Shangkun.

This is the first visit to China by an Iranian head of state since the Islamic revolution in 1979.

Accompanying the Iranian president on his China tour are Foreign Minister 'Ali Akbar Velayati and other senior officials.

Huang Yicheng, Chinese minister of energy resources and chairman of the Chinese Government reception committee, greeted the Iranian guests at the airport.

**Meets Yang Shangkun**  
*OW0905082389 Beijing XINHUA in English*  
0724 GMT 9 May 89

[Text] Beijing, May 9 (XINHUA)—Chinese President Yang Shangkun and Iranian President Khamene'i met in the Great Hall of the People this morning.

The two leaders said they highly valued the long-standing friendship between their countries and expressed satisfaction over the regular contacts between senior leaders.

Extending a warm welcome to Khamene'i, the Chinese president said his visit will promote Sino-Iranian relations to a new level.

Talking about Iran-Iraq relations, Yang said he hopes the two countries will co-operate in the mediation by the U.N. secretary general so as to, through peaceful negotiations, achieve a lasting peace as soon as possible.

Yang introduced Khamene'i to Seypidin Aze, vice-chairman of the Chinese National People's Congress Standing Committee. Khamene'i will visit Seypidin's native area, the Xinjiang Uygur Autonomous Region.

The Iranian president expressed hopes of further expanding friendly ties between the two countries. He said it is a very long road from a ceasefire to a lasting peace for both Iran and Iraq. Iraq is determined to travel along that road.

Khamene'i expressed the conviction that the goal of lasting peace will be attained no matter how great the difficulties. Iran is facing the tremendous task of rebuilding its homeland. He believes the reconstruction will succeed.

Khamene'i invited Yang Shangkun to visit Iran. Yang said: "I will come when the opportunity arises."

Before the meeting, Khamene'i was accorded a state welcome in front of the Great Hall of the People. The three services of the Chinese People's Liberation Army formed a guard of honor, a 21-gun salute was fired and the national anthems of both countries were played.

#### Received by Li Peng

OW0905125489 Beijing XINHUA in English  
1222 GMT 9 May 89

[Text] Beijing, May 9 (XINHUA)—Chinese Premier Li Peng and visiting Iranian President Hojjat ol-Eslam Seyyed 'Ali Khamene'i discussed the expansion of Sino-Iranian friendly cooperation and other issues at the Diaoyutai State Guesthouse here this afternoon.

Li Peng said that Khamene'i's current visit is a significant event in the bilateral relations.

He said that China and Iran have "very friendly" relations and expressed the hope that such relations will be furthered through the visit.

Khamene'i expressed his thanks for the warm reception accorded him.

The two leaders also exchanged views on issues of common interests.

On hand were Chinese Foreign Minister Qian Qichen and Iranian Foreign Minister 'Ali Akbar Velayati.

#### Addresses Banquet With Yang

OW0905155989 Beijing XINHUA in English  
1539 GMT 9 May 89

[Text] Beijing, May 9 (XINHUA)—Chinese President Yang Shangkun said here today that as a permanent member of the Security Council of the United Nations,

China will, as always, continue to play its role in promoting reconciliation between Iran and Iraq and the stability and prosperity of the region.

Yang made the remark at a banquet tonight for Iranian President Seyyed 'Ali Khamene'i and his party in the Great Hall of the People.

China sincerely hopes both Iran and Iraq will, through mutual understanding and accommodation and friendly consultations, adopt more flexible attitudes in order to fully carry out the 598 Resolution of the U.N. Security Council, the president added, saying that in this way all the disputes between the two countries can be settled in an all-round, fair and reasonable way and friendly neighboring relations and lasting peace can be achieved.

Speaking on Sino-Iranian relations, Yang said that the traditional friendship and similar historical experiences of the two nations provide a solid and profound foundation of their friendly cooperation. After the establishment of the Islamic Republic of Iran, he said, Iran has been advocating a foreign policy of independence and nonalignment with the big powers.

Both China and Iran adhere to the principle of independence on this vital issue, the Chinese leader said, adding that it is due to this foundation and the Five Principles of Peaceful Co-existence, which both accepted, that wide and rapid growth of bilateral relations has been seen in the past decade.

"We believe," the president said, "that through concrete efforts, Sino-Iranian cooperation will surely achieve a higher level."

In his toast, President Khamene'i said that Iran and China should further develop economic, trade, technological and cultural relations. He pointed out that China has become the sixth largest trade partner of Iran, saying that more fields of cooperation remain to be explored.

Turning to his country's foreign policies, Khamene'i said that Iran sincerely hopes to see world stability and security as well as peace, happiness and good fortune for all the people in the world. He called for the withdrawal of all foreign troops from the Persian Gulf, holding that sincere cooperation among all the countries of the region is the only way to restore the all-round security of the Persian Gulf.

He said that Iran is willing to live together with its neighboring countries in the region on the basis of good-neighborliness, mutual benefit and mutual respect for different beliefs and cultures.

**Wang Bingqian Talks With Indian Counterpart**  
*OW0605114089 Beijing XINHUA in English*  
1023 GMT 6 May 89

[Text] Beijing, May 6 (XINHUA)—Wang Bingqian, Chinese state councillor and minister of finance, met and feted Indian Finance Minister S.B. Chavan here this evening at the Diaoyutai State Guesthouse.

Chavan is here to attend the current 22rd annual meeting of the Asian Development Bank which ended here today.

#### **Nepalese Finance Minister Received by Officials**

**Feted by Zheng Tuobin**  
*OW0705144589 Beijing XINHUA in English*  
1333 GMT 7 May 89

[Text] Beijing, May 7 (XINHUA)—Zheng Tuobin, minister of foreign economic relations and trade (MOFERT), met and feted here today a Nepalese Government economic and trade delegation headed by Bharat B. Pradhan, minister of finance.

The guests are here at the invitation of the MOFERT.

**Meets With Zheng 8 May**  
*OW0805115289 Beijing XINHUA in English*  
0550 GMT 8 May 89

[Text] Beijing, May 8 (XINHUA)—Zheng Tuobin, Chinese minister of foreign economic relations and trade, and Bharat B. Pradhan, Nepalese minister of finance, held talks here this morning.

Other members of the Nepalese Government economic and trade delegation led by Pradhan attended the occasion.

**Confers With Yao Yilin**  
*OW0805184189 Beijing XINHUA in English*  
1022 GMT 8 May 89

[Text] Beijing, May 8 (XINHUA)—Chinese Vice-Premier Yao Yilin and visiting Nepalese Minister of Finance Bharat B. Pradhan discussed ways and means for expanding Sino-Nepalese trade here this afternoon.

Yao praised Nepal for following an independent and non-aligned foreign policy while Pradhan described his stay in China as "successful."

**Agreement Reached on Inspection**  
*OW0905140889 Beijing XINHUA in English*  
0955 GMT 9 May 89

[Text] Beijing, May 9 (XINHUA)—The Fifth Session of the Sino-Nepalese Intergovernmental Economic and Trade Committee held a ceremony here today to exchange notes.

Zheng Tuobin, Chinese minister of foreign economic relations and trade, and Bharat B. Pradhan, Nepalese minister of finance, signed on the notes.

The committee agreed that China will send a group of experts to Nepal in May to inspect a section of the Kathmandu-Kodari highway which has been devastated by floods.

The committee's fifth session was held in Beijing from May 7 to 9, during which the two sides reviewed bilateral economic and trade relations in the past year.

#### **West Europe**

**Spanish Senate Delegation Begins Visit**  
*LD0505123889 Madrid in Spanish to Europe*  
1000 GMT 5 May 89

[Text] A Spanish Senate delegation, consisting of 17 members and led by Speaker Jose Federico de Carvajal, has arrived in Beijing for a visit to China at the invitation of the PRC parliament. The delegation, comprising the spokesmen for the parties represented in the Spanish Upper House, was met at the airport in the Chinese capital by Chen Muhua, vice chairman of the National People's Assembly, and Spanish Ambassador Eugenio Bregolat.

During their stay in Beijing the Spanish parliamentarians will meet with Wan Li, chairman of the Assembly; head of state Yang Shangkun; Foreign Minister Qian Qichen; and other Chinese leaders. On Monday the Spanish senators will leave Beijing bound for the cities of Shanghai, Canton, and Tianjin. They will depart the PRC on Friday.

**Feted by Wan Li**  
*OW0505203089 Beijing XINHUA in English*  
1425 GMT 5 May 89

[Text] Beijing, May 5 (XINHUA)—Wan Li, chairman of the Chinese National People's Congress (NPC) Standing Committee, hosted a banquet in honor of a Spanish Senate delegation led by President Jose Federico de Carvajal Perez in the Great Hall of the People here this evening.

Addressing the occasion, Wan said that China and Spain enjoy a long-standing friendship and progress was achieved in the political, economic and cultural exchanges between the two countries.

The increasing friendly exchanges between the two parliaments have promoted the understanding and friendship between the two peoples, he said, adding that such exchanges will also play a positive role in the bilateral relations of cooperation.



He said that there was a quick development in China's productive forces during the country's decade-long reform and opening up to the rest of the world. China's economic strength has grown and there was a marked improvement in the life of both urban and rural China.

However, he noted, problems and difficulties have cropped up in the course of our advance, notably, inflation, price hikes and corruption.

Wan Li said that President de Carvajal, during his present visit to China, might find out the progress and problems in China, where he visited four years ago.

In his speech, De Carvajal highly valued the continuous enhancement and growth of the Spain-China relations, saying that cooperation between the two countries is expanding in every area.

Wan Li met the Spanish guests prior to the banquet.

The delegation arrived here today at the invitation of the NPC.

#### **Meets With Qian Qichen**

OW0605084789 Beijing XINHUA in English  
0802 GMT 6 May 89

[Text] Beijing, May 6 (XINHUA)—Foreign Minister Qian Qichen met here today a Spanish Senate delegation led by Senate President Jose Federico de Carvajal Perez.

Qian and the visitors exchanged views on bilateral relations and international issues of common concern.

#### **Holds Talks With Chen Muhua**

OW0605091689 Beijing XINHUA in English  
0728 GMT 6 May 89

[Text] Beijing, May 6 (XINHUA)—Chen Muhua, vice-chairman of the National People's Congress Standing Committee, held talks here today with a Spanish Senate delegation led by President Jose Federico de Carvajal Perez.

The two sides briefed each other on the work of their respective parliaments and exchanged views on legislation.

Chen Muhua also briefed the guests on the second annual session of the Seventh National People's Congress and the measures taken by China to improve the economic environment.

#### **Liao Hansheng Hosts Luncheon**

OW0705095289 Beijing XINHUA in English  
0635 GMT 7 May 89

[Text] Beijing, May 7 (XINHUA)—Liao Hansheng, vice-chairman of the Chinese National People's Congress Standing Committee, gave a luncheon here today for the visiting Spanish Senate delegation led by President Federico de Carvajal.

#### **Briefed by Beijing Mayor**

OW0805120589 Beijing XINHUA in English  
0551 GMT 8 May 89

[Text] Beijing, May 8 (XINHUA)—Mayor Chen Xitong of Beijing, met with a Spanish Senate delegation led by President Federico de Carvajal, here this morning.

Beijing and Madrid became friendly cities in 1985. Chen briefed the visitors on the traffic situation in Beijing.

#### **Awards Medal to Yang Shangkun**

OW0805165289 Beijing XINHUA in English  
0734 GMT 8 May 89

[Text] Beijing, May 8 (XINHUA)—Chinese President Yang Shangkun today received a gold medal from the Spanish Senate.

The medal is traditionally awarded to heads of state of countries friendly with Spain.

The medal was presented to Yang this morning by Jose Federico de Carvajal Perez, president of the Spanish Senate, when the Chinese president met a Spanish Senate delegation led by Federico de Carvajal.

China is the only country to have received two such medals from the Spanish Senate, Federico de Carvajal said. In 1985, he awarded the same medal to ex-President Li Xiannian.

During the meeting, Yang expressed the hope that China and Spain would develop "long-term and steady" friendly cooperation, saying that such cooperation conforms with the wishes and interests of both countries.

He urged the two nations to strengthen exchanges at all levels and expand the fields of cooperation, adding he expected more Spanish industrialists to invest in China.

For his part, Federico de Carvajal expressed the hope that "the fine relations between Spain and China in political, economic, cultural and other fields" would be deepened and mutual understanding between the two peoples enhanced.

Yang, speaking of China's current economic readjustment and political reforms, said the improvement of the legal system and strengthening of legislation, particularly legislation concerning foreign parties, represent an

important task facing the nation. "China's comparing of notes with friendly countries, including Spain, in this regard will be very useful," the Chinese president added.

# **Chinese Economic Delegation Visits Greece**

OW0705051789 Beijing XINHUA in English  
2353 GMT 6 May 89

[Text] Athens, May 6 (XINHUA)—A Chinese economic delegation arrived here today to discuss with Greek Government officials and entrepreneurs ways to expand trade exchanges and economic cooperation between the two countries.

The eight-member delegation, headed by Wang Pingqiang, vice minister of foreign economic relations and trade, will attend the second session of the Mixed Chinese-Greek Economic Committee.

The committee's first session was held in Beijing in 1987.

The Chinese delegation will also meet with a number of Greek industrial enterprises during their week-long stay in Greece.

## **Holds Talks on Trade Cooperation**

OW0905130389 Beijing XINHUA in English  
0133 GMT 9 May 89

[Text] Athens, May 8 (XINHUA)—Talks on expanding trade and economic cooperation between Greece and China began here today.

Greek and Chinese trade officials are now attending the second session of the Mixed Greek-Chinese Economic Committee.

The Greek delegation is headed by Panayiotis Roumeliotis, the national economy minister, and the Chinese delegation by Wang Pingqiang, vice-minister of foreign economic relations and trade.

The three-day session will focus on the growth of bilateral trade and the expansion of cooperation in such areas as agriculture, industry, shipping and tourism, Roumeliotis said in a statement issued here today.

The statement said the prospects are "significant" for bilateral cooperation in industry and agriculture, particularly in shipbuilding and ship-repairing.

The mixed committee will also discuss possibilities of establishing joint ventures in China and Greece, as well as in a third country.

The eight-member Chinese delegation arrived here on Saturday. During their week-long stay in Greece, the delegation members will also meet with Greek entrepreneurs and visit some factories.

# **FRG Commodity Price Control System Viewed**

HK0805091689 Beijing QIUSHI in Chinese  
No 8, 16 Apr 1989, pp 39-43

[Article by Lin Jincheng (2651 6651 2052) of the World Economic Research Institute, Fudan University: "How Does the Federal German Republic Control Commodity Prices?"]

[Text] Among the developed capitalist countries, the Federal Republic of Germany's control over commodity prices has achieved outstanding success. The reason why the FRG's commodity prices can be kept under strict control is the combined role played by a series of economic policies such as the currency policy, financial policy, receipts policy, increment policy, and so forth.

Since June 1948 when Germany's western portion mandatorily enforced currency reform, and accomplished the transition from an economy under unified control to a social market economy, commodity prices in the FRG seen as a whole, have been relatively stable and currency inflation rather moderate. According to statistics, from 1950 to 1987, consumption prices (Footnote 1: Consumption prices reflect the prices of commodities and services needed in daily life by residents, that is the prices in daily living expenses. In the FRG the living expenses price index is computed from a series of 300,000 statistical figures on 750 kinds of commodities and services) have risen 212 percent, averaging an annual rise of 3.1 percent. During the same period, the average annual increase rate in raw materials, agricultural products, industrial products, wholesale retail sales, import commodity and export commodity prices was generally lower than this level. Seen from the average annual increase rate in consumption prices from 1950 to 1987 the FRG's was lower than that for the same period in Spain (9.1 percent), New Zealand (7.9 percent), Ireland (7.7 percent), Italy (7.7 percent), Finland (7.0 percent), England (6.8 percent), France (6.6 percent), Australia (6.6 percent), Denmark (6.4 percent), Sweden (6.3 percent), Norway (6.3 percent), Japan (5.4 percent), Austria (4.8 percent), Canada (4.7 percent), Holland (4.5 percent), Belgium (4.3 percent), United States (4.3 percent) and Switzerland (3.3 percent), being the lowest among the 19 developed capitalist countries. (Footnote 2: Based on, and computed from "International Currency Sinking Fund Organization's International Currency Statistical Yearbook 1987," and "International Currency Statistical Monthly," Issue No 7, 1988.)

In the FRG a social market mechanism is in force. Under such an economic mechanism, market prices are in principle decontrolled and each constituent member of society can, without limit, buy the commodities needed and can sell their own commodities and services at the market prices. However, in the first half of this century, the German populace suffered two great tragedies of vicious currency inflation. The first occurred in 1923. At that time, the drop in the exchange rate of the Deutsche mark for the dollar was not computed on a daily basis but on an



hourly basis. At the end of 1923, compared with 1913, the amount of cash in circulation increased 75.80 million times (Footnote 3: See "Federal Republic of Germany: Figures of German Currency and Banks, 1876 to 1975," Frankfurt 1976 edition, p. 2.) Paper marks actually became waste paper, business and commerce were at a standstill and barter trade was prevalent. The second occurred at the beginning of the post World War II period. At the time, the great increase of cash in circulation, the serious lack of material resources, and the extreme shortage of commodities on the markets caused commodity prices to rise sky-high and the black market to run rampant. At that time, the populace, aside from using coupons to buy certain things when and as commodities were on sale, were practically unable to buy anything with money. Learning these two bitter lessons of vicious currency inflation, the German people became extremely sensitive to commodity prices and urgently needed an environment of price stability. Hence, the FRG Government has always paid great attention to currency stability, and treated it as the prerequisite for the operation of a social market economy, as the nucleus of a stabilized policy, and as "the most important and most direct task." Erhard, the first economic minister of the FRG (Footnote 4: Ludwig Erhard was one of the proponents of the new school of liberalism of the Federal Republic of Germany. He was born on February 4, 1887 in the German state of Bavaria. In the initial post World War II period he occupied successively the post of economic minister of the Bavarian state in Germany's American occupied area, and the post of chief of the Economic Bureau of the British-American occupied area of Germany. In 1949, following the establishment of the FRG, he became economic minister. From October 1963 to November 1966 he held the post of federal prime minister.) believed that price stability indicated stability in the political, social, and economic systems. He said: "Price—this is the crucial point for the convocation of all our efforts, of all our efforts made in implementing an appropriate wage policy, and for the sake of building a firm foundation for protecting the people's economic, social, and political future." (Footnote 5: See (Federal Republic of Germany) Ludwig Erhard: "Prosperity from Competition," Commercial Press 1983 edition, pp 160-161.) In the middle of the 1960's, the FRG, based on the new economic situation, formulated the "Economic Stability and Growth Promotion Law" which had deep effects on economic development, affirmed the important nature of price stability from the legislative angle, and put the combination of maintenance of price stability with an appropriate economic growth rate, full employment, and balance in international payments as the basic contents for the state's regulation of economic life. All this was extremely important for FRG's maintenance of the basic stability of the commodity price level.

In order to maintain the basic stability of commodity prices, the FRG adopted a series of important measures in macroeconomic management and control.

#### Measure No 1—Control of money volume

Control of the volume of money is the FRG's most effective tactic in stabilizing commodity prices. The targets of the money volume of the FRG consist of M1, M2, M3 and the money volume of the Central Bank. M1 is the sum total of cash in circulation and the domestic non-banks' current deposits in the banks; M2 is the sum total of M1 and the domestic non-banks' fixed deposits of not more than a 4-year term each in the banks; M3 is the sum total of M2 and savings deposits fixed by special statutes; and the Central Bank's money volume is the sum total of cash in circulation and the bank's minimum reserve amount against its domestic liabilities computed according to the fixed reserve rates in January 1974 (16.6 percent for current deposits, 12.4 percent for fixed deposits of not more than 4 4-year terms each, and 8.1 percent for savings deposits). Of these several targets, the money volume of the Central Bank is comparatively speaking ideal. This is because it includes not only cash in circulation but also, separately, the various kinds of domestic non-bank's deposits in the banks. From 1975, the Federal Bank of Germany pre-fixed the annual growth rate of the Central Bank's money volume and took the control of the Central Bank's money volume as the principal target in controlling the volume of money as a whole. Seen from the long-term, the total of the average annual growth rate of the GNP computed in fixed prices with the average annual growth rate of consumption prices is about the same as the average annual growth rate of the various targets of the volume of money, particularly with the average annual growth rate of the Central Bank's money volume. Naturally, the unanimity cannot be a complete one. This is because although consumption prices are subjected to the restrictions of the prices of agricultural products, prices of industrial products, prices of raw materials, wholesale prices, and the prices of import and export commodities, it cannot be said that consumption prices are equivalent to the general price level. On the other hand, between the years the circulation speed of money varies. In spite of this, we can still see that if the actual growth rate of the GNP does not change there is a direct and proportionate relationship between the growth rate in money volume and the growth rate in consumption prices. In order to stabilize commodity prices, particularly consumption prices, the first and foremost measure is to control the volume of money.

In the process of the FRG's control of the volume of money, the Federal Bank of Germany which possesses an independent character vis-a-vis the federal government, plays an immense role. Based on the power and authority given to it under the statute of the Federal Bank of Germany, the bank regulates the circulation of money and the merging of funds of the economy to maintain currency stability. Hence, the federal bank appropriately regulates the issuance of banknotes, and strictly controls the paper banknotes and minted coins in circulation; the federal government is prohibited from making overdrafts from the federal bank, although within strictly fixed limits the federal bank is empowered to provide short-term loans to

the federal government, state governments, local governments, federal railway bureau, federal post office, and certain other specially designated federal organizations. All those organizations specially endowed with the privilege of making loans from the federal bank must deposit in the banks their circulating funds and all reserve funds for special projects under the financial budget; they may also deposit them elsewhere subject to the permission of the federal bank. In order to influence money circulation and credits and loans, the federal bank flexibly enforces the minimum reserve funds policy and the policy on discounts, credits and loans, and public markets, and intervenes in the foreign exchange market. Among these monetary policies and tools, the federation bank frequently employs the minimum reserve funds policy, and the discount, credits, and loans policy. In the 1950's and 1960's, the federal bank was more inclined to the former and in the 1970's to the latter.

Control of the financial deficits plays an important role in controlling the volume of money and thereby in stabilizing commodity prices. Balancing of financial revenues and expenditures is prescribed in the basic law of the Federal Republic of Germany. Before the 1970's, although deficits in the financial budgets occurred frequently, the situation was not at all as serious. Since the 1970's, particularly after the 1974-1975 economic crisis, the state took the red figure financial policy as an important factor to stimulate the economy, and financial deficits rapidly increased. In 1975, the total deficits of the federal government, the states, and the localities amounted to 63.8 billion Deutsche marks, equivalent to 6.2 percent of the GNP. In 1981, the deficits went up to 75.7 billion Deutsche marks, equivalent to 4.9 percent of the GNP. Hence, the state had to resort to making a large amount of loans to balance financial receipts and expenditures. Whether or not the financial deficits and national debt can be kept under control has a direct bearing on the money volume. From the early 1970's to early 1980's, the general rise in commodity prices in the FRG had a direct relationship to the speedy increase in the financial red figures and the abrupt expansion in national debt. After Kohl came to power, the federal government adopted measures to improve finance, to control the speed of increase in financial deficits and in the national debt, and to reduce social welfare funds. As a result, there was a decrease in financial deficits and in 1985, the deficits dropped to 39.3 billion Deutsche marks, equivalent to 2 percent of the GNP. In more recent years, although the financial deficits continued to increase and the national debt continued to expand, their annual increased amount and growth rate were kept under a certain degree of control. This has played an important role in controlling the scale of increase in the volume of money and thereby lowering the extent of the rise in commodity prices.

Measure No 2—Controlling the scale of wage increase and making it tally with the increase in labor productivity rate

Being the factors in production cost, salaries and wages necessarily affect gross supply, and as income they also necessarily affect gross demand. The scale of increase in salaries and wages has immense effects on commodity prices. In the initial period after World War II, due to the large influx of refugees, the number of unemployed increased sharply. At that time, the salary and wage levels of the employees were rather low. In the 1950's, the supply of labor force in the FRG was still sufficient, the salary and wage level was increased somewhat but was relatively regulated, and the increase in the wage expense of unit products was in general lower than the increase in the labor productivity rate. This was especially outstanding in the first half of the 1950's. In the 1960's, the labor force market was in a crisis, the number of foreign employees increased rapidly, and the federal government began to turn greater attention to the problem of the income policy. In 1965, a panel of experts recommended the adoption of a salary and wage policy oriented toward the labor productivity rate. In 1967, the federal government accepted the viewpoint that an increase in salary and wage must coincide with the growth in the labor productivity rate. However, the government refrained from intervening in the procedure of the collective discussions on the salary and wage problem between the two parties of capital and labor (the labor side usually represented by the labor union) and in the independently fixed salary and wage standards. Instead, each year it provided the employers and employees with information on the recent economic condition and with forecast materials on the trend of future economic development, and, after several years, it put up a salary and wage standard for the guidance of collective discussions. Since the late 1960's, there was a greater change in the situation. The salary and wage standard arrived at by the two sides of labor and capital tended on the high side. In the 13 years from 1970 to 1982, with the exception of 1976, each year the increased rate in the salary and wage expenses per product unit all exceeded the growth in the labor productivity rate, and in certain individual years the growth in the labor productivity rate was exceeded by over 2,000 percent! For example, in 1980 the labor productivity rate increased by only 0.3 percent, but the salary and wage expenses per product unit increased by 6.6 percent. This situation continued and remained unchanged until after the ascension to power of the Kohl government. In 1983 and 1984 the growth scale of the labor productivity rate surpassed the increase in the salary and wage expenses per product unit. Although after 1985 the growth rate in labor productivity was again lower than the increase in the salary and wage expenses per product unit, the disparity was by no means large. Based on an analysis of the conditions since the 1950's, it was found that when the growth rate of labor productivity was higher than the increase in the salary and wage ratio per product unit, the scale of the rise in commodity prices was relatively low. Contrarily, the scale of the rise in commodity prices was relatively higher.



Measure No 3—Maintaining a definite trend in economic growth

Generally speaking, under the conditions of maintaining a fixed target increase in the volume of money and the conditions of the speed of the circulation of money remaining unchanged, the economic growth rate and the rate of increase in commodity prices are in an inverse proportion relationship. Therefore, maintaining a definite trend in economic growth plays an important role in stabilizing commodity prices. Although in the 1950's the average annual growth rate in the volume of money in the FRG was higher than that in the 1960's, 1970's and 1980's, yet because the average annual growth rate in the GNP was much higher than that in the 1960's, 1970's and 1980's, the average annual rate of the rise in commodity prices still remained the lowest.

Seen as a whole, over the past 30 years, the economic development of the FRG was rather rapid and the fluctuations in the growth rate were not large. In 1987 the GNP of the FRG was 424 percent of that in 1950, averaging an annual increase of 4.6 percent. Of this, the extent of the increase in 1955 was the highest, being 12.0 percent while the lowest extent of the increase was in 1975, being -1.6 percent. The difference between the highest and the lowest was 13.6 percent. If we divide the increases in the various years into six grades, that is, marking those years in which the growth rate was equal to or lower than -1 percent as the withering years, those years in which the growth rate was higher than -1 percent or equal to or lower than 1.5 percent as the stagnating years, those years in which the growth rate was higher than 1.5 percent or equal to or lower than 3.5 percent as years of small or weak growth, those in which the growth rate was higher than 3.5 percent or equal to or lower than 5.5 percent as years of obvious growth, those years in which the growth rate is higher than 5.5 percent or equal to or lower than 9 percent as years of vigorous growth and those years higher than 9 percent as years of growth at flying speed, then we can find that in the 37 years from 1951 to 1987, 2 years belonged to the withering grade, that is, 1975 and 1982; 4 years to the stagnating grade, that is, 1967, 1974, 1981 and 1983 when both economic stagnation and economic withering developed during periods of economic crisis; 10 years belonged to the grade of small and weak growth, 9 years to the grade of obvious growth, 10 years to the grade of vigorous growth and 2 years to the grade of growth at flying speed, that is, 1961 and 1955. Hence, the majority of years belonged to the grades of obvious economic growth and vigorous growth. This was beneficial to commodity price stability.

Measure No 4: Enforcing various degrees of intervention in the prices of a minority of commodities and labor

In the course of realizing the changing of track from a unified-controlled economy to a social market economy, commodity prices in the Federal Republic of Germany were basically in a state of decontrol but the decontrol was effected in a careful and gradual manner. The

governing principle was that consideration must be given to the minimum standard of living of the residents, also to the special features of the commodities and to the state of market supply and demand. In June 1948, the situation of the freezing of commodity prices which had been in force for 12 years since 1936 in the western portion of Germany came to an end but price control was continued on basic foodstuffs, important raw materials, rent and charges for public utilities. Subsequently the prices of coal, steel and rent were also gradually decontrolled. Up to now, regarding the prices of a portion of commodities and labor services closely related to the residents' daily life, the government still exercised direct intervention in varying degrees and in different ways. This is an important direction in ensuring the basic stability of prices.

For example, regarding the prices of agricultural products, even prior to the European Economic Community enforcing common prices in agricultural products, the FRG had already formed a state-regulated market structure for agricultural products, and through legislation fixed the minimum assured prices and the highest price limits for agricultural products. After the European Economic Community carried out common prices for agricultural products, the FRG adopted the unified prices fixed by the Community and as for the individual agricultural products not comprehended in the common prices of the Community, it continued to enforce its own system of ensured prices. Regarding the prices or charges of commodities and services such as electric power, gas, warm air or heat, water, railroads, shipping, post and telecommunications, and medical and health protection, they were wholly regulated by the state. The prices or charges for other categories of transport, insurance and other services were also largely under the state's regulation. The state also intervened to a certain extent in the prices and charges for building construction, science, technology, culture, and education.

Measure No 5: Put the functions of state-run enterprises into full play.

Based on the criterion of whether or not they possess the status of a legal person, state-run enterprises in the FRG may be divided into the two large categories of those which are legally independent and those which are legally non-independent. According to their organizational form, legally independent state-run enterprises may again be divided into the company type and the non-company type, but doing independent business accounting. The latter includes the federal railroad bureau and the federal postal bureau which provide services at cheap prices to private enterprises as well as the federal bank of Germany, the savings bank, and their central exchange and planning organs which supply funds to the private enterprises.

The two types of state-run enterprises mentioned above may be enterprises separately owned by the federal government, the states, and the localities, and may also be

enterprises jointly-run by the federal government with states or the localities. State-run enterprises not possessing the status of the legal person come under the jurisdiction of the relevant departments-in-charge of the federal government, states or localities, and do not handle independent business accounting. Aside from the state-run enterprises wholly owned by the state, there are numerous public-private, jointly-run enterprises in which state capital and private capital are merged together. Enterprises of this category are generally included in the statistics of state-run enterprises. According to statistics, at the year end of 1982, there were 4070 state-run enterprises in the FRG, the investments in state-run enterprises amounted to 17.2 percent of the gross investments in the enterprises while their output value was 12.5 percent of the gross output value of the enterprises. In those departments which exclude competition or in which competition is limited, such as departments handling transport, communications, energy and water supply, banking and insurance, the state-run enterprises occupy an important position. In 1982, state-run enterprises accounted for 67.4 percent of the output value of the energy, water power supply, transport, and communications trades, and also occupied 45.3 percent of the production value of the insurance companies, and the credits and loan trade. (Footnote No 6: See "States in the Federal Republic's Economy," edited by Di-de-er Ge-lo-she-er (6611 3676 3643 2706 5012 5287) of the Federal Republic of Germany, Le-ke-fu-sun (0517 1715 1655 2773), 1985 edition, pp 303, 304.) State-run

enterprises possess the special functions of realizing the state's targets and must fulfill certain task performance. Under ordinary conditions, fulfilling these tasks and creating profits are likewise targets pursued by state-run enterprises.

For a long time, governments at various levels in the FRG have resorted to regulations of a varying complex nature to control the prices of the state-run enterprises so that they may play a definite role in stabilizing the level of commodity prices. For example, in the 1950's, enterprises owned by the federal republic did serve as an important tool in stabilizing prices. In 1955, the Prussian Electric Power Company observed the wishes of the federal government and lowered the charges for electric power. In 1957, the Prussian Metallurgical Corporation, following the demand of the Finance Ministry of the Federal Government, refrained from taking part in raising the coal prices, while the Saar Gilhart Company declined to take part in raising the steel price. Through the years, the federal railroad bureau has run into heavy indebtedness. What the state did was to subsidize the enterprises concerned for their deficits by means of various financial measures. Naturally, the state did not always come out triumphantly in controlling the prices of all these state-run enterprises. For example, in trying to stop the General Motor Vehicle Company from raising prices, it has failed repeatedly.



### Political & Social

**Deng To Receive Gorbachev Early in Visit**  
*OW0905140289 Tokyo KYODO in English 1335 GMT  
9 May 89*

[Text] Beijing, May 9 KYODO—China's supreme leader Deng Xiaoping will hold his first meeting with Soviet President Mikhail Gorbachev next Tuesday to symbolize the normalization of bilateral ties at the outset of the historic visit, an informed source said Tuesday.

Chinese officials normally schedule Deng's audiences with visiting foreign dignitaries at the conclusion of substantial talks but the rule will be broken for Gorbachev as a gesture of reconciliation between the once-bitter foes.

The source said the Chinese and Soviet planners for the Gorbachev trip have decided that the two leaders should meet before Gorbachev holds discussions with Premier Li Peng and Chinese Communist Party chief Zhao Ziyang.

No official information has been released regarding Gorbachev's visit which will last from April 15-18. [date as received]

An informed source told KYODO news service, however, that Gorbachev will meet with Deng on Tuesday and finish off all substantive talks with the Chinese leadership later the same day.

"Normalization of Sino-Soviet ties will officially begin with the summit meeting—that means, between me and Secretary-General Gorbachev," Deng was quoted as telling Soviet Foreign Minister Eduard Shevardnadze during his visit to Beijing in February.

Gorbachev will be making his trip as an official guest of State President Yang Shangkun, who will be on hand to greet the Soviet leader at Beijing airport on Monday. Yang will also host a welcoming banquet in the evening.

While both Beijing and Moscow have stressed that Gorbachev's trip marks the official reconciliation between the two countries, party ties will also be normalized through the meeting between Gorbachev and Zhao as the heads of their respective Communist Parties.

Gorbachev's meeting with Premier Li is expected to focus on bilateral economic ties.

Gorbachev's schedule for his third day in Beijing will feature an address at the Great Hall of the People before an audience of about 300 Chinese dignitaries.

The source said Chinese and Soviet officials have agreed to leave compiling the guest list for the Gorbachev speech in Chinese hands, a decision apparently aimed at removing any possibility of friction over who should be invited to the event.

The Chinese were irked when the Americans invited Chinese dissident Fang Lizhi to a banquet hosted by U.S. President George Bush during his visit to Beijing last February. Fang was eventually blocked by Chinese security officials from attending the function.

Gorbachev's other official duties on Wednesday will include a meeting with the press, a sightseeing trip to the Great Wall and a meeting with Li Xiannian, China's former head of state and now chairman of the Chinese People's Political Consultative Conference.

The Soviet leader is also expected to give an exclusive interview with the Chinese State Television network on Wednesday.

Gorbachev will likely spend his last day in China touring Shanghai, where he will view progress in China's special economic development zone before heading back to Moscow.

**CYL Official Comments on May 4th Spirit**  
*HK0805113289 Hong Kong LIAOWANG OVERSEAS  
EDITION in Chinese No 18, 1 May 89 pp 12-13*

[Article by Chen Min (7115 2404): "Carry Forward the May 4th Spirit, Plunge Ourselves Into the Reforms—An Interview With Liu Yandong, Member of the Secretariat of the Communist Youth League"]

[Text] "As the originator of China's youth movement, the May 4th Movement has raised a generation of young elites, turned them into a pillar of the state, and affected and educated generation after generation of young people to strive for the rejuvenation of a national civilization, and to make our country prosperous and powerful. In carrying out reform and opening up today, it is of greater significance to carry forward the May 4th spirit." Liu Yandong, member of the Secretariat of the Communist Youth League [CYL] and President of the All-China Youth Federation, made the above-mentioned remarks to our reporter on the eve of the 70th anniversary of the May 4th Movement.

Liu Yandong said that we should carry forward the May 4th spirit from four aspects. First, we should inherit and carry forward a patriotic spirit, conscientiously ponder history and reality, make clear our responsibilities, strengthen our resolve, and vigorously plunge ourselves into the great tide of reforms. At present, young people are reviewing and pondering history in conjunction with activities to commemorate the May 4th Movement, namely, pondering the future of socialism in China from the 70th anniversary of the May 4th Movement; and

pondering the development of reform on its 10th anniversary. We hope that the vast numbers of young people will use a patriotic spirit, and scientific world outlook and theory to ponder three issues, namely, upholding Marxism-Leninism in a more clear-cut way, upholding socialism, and upholding reform and opening up. We hope that young people will understand that the difficulties facing us now are merely difficulties in the course of our advance. What we should do is to offer advice, think out ways, and help the party and the government carry out the task of improvement and rectification instead of engaging in empty talk or complaining about everything. Only when all youth share weal and woe with the people of the whole country and work in a down-to-earth way is it possible for the Chinese nation to proudly stand in the family of nations.

Second, we should carry forward the May 4th scientific spirit. On the one hand, we should learn to respect science and realize that the history of human development is in fact the history of scientific progress. An ignorant nation cannot possibly enter the threshold of a modern society. Due to various reasons, such as the phenomena of people engaging in physical labor having better incomes than those engaging in mental labor, and unfair distribution, quite a few young students are weary of studying. Some parents even encourage their children to give up their schooling and engage in trade. This is a manifestation of short-sightedness. Rejuvenating education and science is the basis of national rejuvenation. Only by training generation after generation of high-quality people will there be a future for China's modernization. On the other hand, we should foster a scientific spirit, strive to cultivate the ability to carry out independent thinking, soberly handle and analyze the things around us with a scientific approach, have more reason and less rashness, and reduce blindness so that we can mature more quickly, and adapt ourselves to the complicated and changeable social environment.

Third, we should carry forward a democratic spirit. The May 4th Movement ushered in a new epoch of democracy in China's modern society and made an important contribution to the development of China's democratic movement. Without democracy, there would be no modernization. Stepping up the building of democracy constitutes an important guarantee in achieving China's modernization. The ongoing political restructuring is the continuation of the May 4th democratic movement and a development at a higher state. Young people have demonstrated great enthusiasm in pursuing democracy but, in turning democratic pursuits into achievements in the development of democracy, they must handle two relationships well: First, the relationship between a democratic objective and a democratic process. Social democracy is a practical objective we assiduously seek in China's modernization drive but it cannot be ultimately accomplished overnight. It is closely related to the country's economic, political, and cultural development levels and needs an arduous, long-term process of historical development.

It is hard to imagine that a country with a backward economy, and with nearly one-third of its population illiterate or semi-illiterate, can successfully compete and vote on an extensively democratic basis and achieve a high degree of democracy in a few years. Therefore, the broad masses of the youth should profoundly understand China's reality and avoid rashness. They should not only accurately hold on to the objective of democracy but also grasp the opportunity and appropriately push forward the democratic progress. Second, the relationship between democratic demand and democratic quality. Young people are crying loudly for democracy. This represents an historical progress. However, at what level can the democratic demand be fully embodied? This is still to be determined by the democratic quality of the nationals. Due to the long-standing history of our feudal society and the influence of feudal ideas, our democracy has not grown in a sound way. Although we have received the enlightenment and education of democracy in the May 4th Movement, the democratic quality of the nationals is very uneven. Quite a few people cannot comprehensively and accurately understand the true meaning of democracy and, because their democratic ideas are blunted, more often than not they cannot correctly exercise the democratic rights in their hands. The gap between democratic demand and democratic quality has affected the process of developing democracy. Therefore, the vast numbers of young people should vigorously participate in democratic practice, undergo training in such activities as democratic management, social consultation, and social supervision, and make contributions to China's democratic politics.

Fourth, we should start pioneering undertakings through arduous efforts and carry forward a national spirit. At every step of its development, the history of the Chinese nation in the past several thousand years is inseparable from pioneering undertakings and struggle. Precisely because of this spirit, during the May 4th Movement, the youth regarded the rise and fall of the state and the nation as their own duty, and struggled perseveringly and tenaciously. Looking back at the past events, we can see that the prosperity and development of every nation depends on a unique national spirit. For example, the United States, Japan, and the FRG have grown stronger through several decades and even several centuries of desperate struggle characterized by extreme hardships and difficulties. The youth in this generation and the next several generations are destined by history to be pioneers. Only through arduous work can people develop themselves, and can the state and nation prosper and develop.

Talking about the historical role of the contemporary youth, Liu Yandong said: In China there are 310 million young people between 14 and 28 years of age, accounting for about one-third of the population. Of the 120 million workers and staff members, 80 million are young people and, of the 350 million rural laborers, 190 million are young people. They are an important force in China's contingent of builders, and they play a decisive role in

China's reform and modernization. The reform and opening up have created favorable conditions for young people to give scope to their intelligence and wisdom. The vast numbers of young workers, staff members, and peasants work hard at their ordinary posts, directly promoting the state's development. A large number of young entrepreneurs, scientists, artists, theoretical workers are active on economic, scientific, technological, educational, literary, and art fronts and play an important role. Just as in the May 4th Movement, their historic contributions can never be obliterated. However, young people of this generation also have their own specific features: They support the reform and fervently hope that the motherland will become prosperous and powerful. However, because they lack political and social experience, they tend to be one-sided and go to extremes in observing problems. They are ideologically lively and diligently strive for something new. However, because they have a shaky theoretical foundation, they sometimes cannot differentiate between things. They have strong self-consciousness and are filled with a competitive spirit. However, when handling the contradiction between the individual and society, they tend to stress individual interest and benefits, and neglect the duty and contributions of the individuals to society. They particularly lack tempering and, when confronted with complicated social contradictions, are apt to lose mental equilibrium. To a certain extent, these features prevent young people from giving better scope to their role in reform and construction.

In her view, bringing into play the role of youth is inseparable from the state of our youth work. Society has the right to call on young people to do something for its development; it also has the duty to do something for the growth of young people. These are two aspects of a problem. The actual situation is that there are many problems in our country's youth work, which lags behind the requirements of social and youth development. This chiefly finds expression in the following: First, we do not have an ample understanding of the importance of youth work. Although the central authorities have issued repeated injunctions and stressed this point again and again, some localities and units still are not concerned about, or do not attach importance to, youth work. Some units do not study or discuss youth work all year or put it in a proper position, "as if it weighs 1,000 jin when it is lifted and weighs only 4 liang when it is put down." People have neglected this fact: Two or three decades later, the cause and ideal for which we are struggling today, as well as the contradictions and difficulties, will fall on their shoulders and nobody can take the road tomorrow in their place. To be responsible for the youth means to be responsible for society and the future. Second, we do not have an overall assessment and a proper attitude toward the youth. For some time, the public opinion in society has held differing views on the youth in the contemporary era. Many people exaggerate their defects and shortcomings. This is not an attitude of seeking truth from facts. We should use the principle of "trust, help, and protection" to enable young people to

feel respected and reach mutual understanding. In this way we can arouse young people's enthusiasm and creativity to a maximum degree. Third, youth work lacks legal status and means. In China's relevant laws and regulations, there are over 100 articles reflecting the state's policy toward young people or relating to the protection of young people. However, they are scattered in three dozen or so statutes, are very fragmentary, and lack systematic and overall requirements, and we do not have common principles suited to the youth work and the formulation of new policies. This has resulted in different standards for youth work and made it impossible to examine and find out whether something has been done well or not. It was learned that of all socialist countries, only Korea, Vietnam, Albania, and China do not have rules and regulations concerning young people. As a social representative for the interest of 500 million young people in China and one of the principal mass organizations, the CYL has not defined, in a legal form, its duties, status, and power in political and social life, as well as the channels through which it acts according to the law. In China we do not have a special institution responsible for youth affairs. Of the 2,978 deputies to the Seventh National People's Congress [NPC], only two are CYL representatives and only 70 are under 30 years of age, 50 percent of whom are athletes. Of the 155 NPC standing committee members, only two are on the right side of fifty. In the USSR Supreme Soviet, however, about 20 percent are young people. By comparison, there is a wide gap between the proportions of our youth in the people's congress, the government at all levels, and our country's political life and their proportions in China's social development. It is gratifying that, through hard work from various quarters, the "Minor Protection Law," which has been drafted on our initiative, has been placed in the legislative plan of the NPC's Internal Affairs Judicial Committee this year and that it is under deliberation.

In conclusion, Liu Yandong said: The youth problem is not the problem of the youth themselves but a social problem depending on the whole society for its solution. We hope that the whole society will make concerted efforts to create a favorable social condition for the sound growth of the vast numbers of young people.

#### Further Reportage on Student Protest Activities

##### Student Demonstrations Chronicled

OW0805233889 Beijing BEIJING REVIEW  
in English 8-14 May 89 No 19 pp 5-6

[Text] Officials from both the State Council and Beijing Municipality sat down April 29 with 45 students from 16 colleges to engage in the first dialogue of this kind since the student unrest started a fortnight before.

Their discussions centered around sweeping out corruption, problems in education, objective reporting in the press, as well as current student strikes.



By watching the three-hour-long televised dialogue, many Beijing residents were relieved to see the lack of tension in the atmosphere and that views were exchanged candidly and sincerely between the two sides.

Two days before almost 30,000 Beijing college students, holding streamers and banners and shouting slogans, took to the streets coming in from every corner of the city to peacefully "petition" the government after about 60,000 students boycotted classes for three days.

The demonstrators covered Beijing's major streets, singing *The Internationale* and shouting slogans. These included: "Support the Communist Party," "Support the Constitution," "Support the Four Cardinal Principles," "Eliminate Corruption," and "Down With Government Profiteering."

Tens of thousands of onlookers were attracted by the demonstrators who virtually crippled the city's vast transportation network. Despite the large crowds, no clashes and arrests occurred, said police who were determined to maintain public order. Students were also disciplined and restrained during the demonstration that shook Beijing for more than 10 hours.

One day before the demonstration Beijing's Public Security Bureau had reiterated a two-year-old regulation that all demonstrations held without their approval are illegal. No application for Thursday's massive student action was made with the Public Security Bureau.

A Beijing city government spokesman pointed out that the students' demands for the eradication of corruption and their zeal for quickening the democratic process is in accord with the wishes of the Party and the government.

However, the spokesman said, there were an extremely small number of people who attempted to stir up turmoil and he called on the people of the whole city to maintain social order.

On the night of April 19, during the mourning period for former Party General Secretary Hu Yaobang, who died on April 15, nearly 300 students and others tried to break into Zhongnanhai, headquarters of the Chinese Communist Party and the Central Government, according to a XINHUA report.

As the guards tried to persuade the students and others to leave the spot, bricks and bottles were thrown, slightly wounding four guards, said XINHUA.

"Earlier in the day, thousands of people swarmed into the Tiananmen Square to mourn for Hu," XINHUA said. "A few people took advantage of this to create disturbances by making demagogic speeches and chanting antigovernment slogans."

Recently, Beijing's colleges and universities saw the foundation of organizations such as the "College Students' Federation," the "Unity Students' Federation," and the "Students Autonomous Association."

In an announcement, the official Beijing Municipal Students' Federation said the establishment of the so-called student organizations failed to observe legal procedures laid down in the constitution of the All-China Students' Federation and added that they have not been approved by the government.

### Students Hold Parades

HK0905052989 Beijing RENMIN RIBAO in Chinese  
5 May 89 p 2

["Some College Students in Tianjin, Shanghai, and Other Places Hold Parades"]

[Text] According to the reports made by the reporters of this paper in various places, on 4 May, some university and college students in cities, including Tianjin, Shanghai, Wuhan, Hangzhou, Xian, Lanzhou, Guangzhou, and Fuzhou, held parades to mark the 70th anniversary of the May 4th Movement.

Carrying forward the May 4th spirit and pushing reform and opening up was the main melody of these students' parade activities. The slogans of the contingents of paraders in various places were mainly: Support the Communist Party, combat corruption, down with official profiteering, develop the country by means of science, freedom of press, recultivate the national spirit, restore the prestige of the country, patriotism is guiltless, long live democracy, and so on.

The parading students universally proposed a dialogue with government officials on an equal basis. The parading students in places, such as Xian, Lanzhou, and Wuhan, also submitted a petition to their local government. In Shaanxi, Vice Governor Sun Daren received the students' representatives and accepted the petition. The department concerned of the provincial government declared that they would hold a dialogue with the students in a week. On 4 May, there was no conflict between the parading students and the police who maintained the social order. However, due to many people looking on, there were traffic jams in some places.

### Students Welcome Zhao's Speech

HK0905091289 Beijing RENMIN RIBAO in Chinese  
5 May 89 p 1

["Teachers and Students of Institutions of Higher Learning in Beijing Welcome Zhao Ziyang's Speech"]

[Text] Dispatch from Beijing, 4 May—At 19:00 this evening, the Central Television Station broadcast the speech Zhao Ziyang made at a meeting with guests attending the annual meeting of the Asian Development

Bank. Zhao Ziyang's speech has already evoked widespread repercussions in all the institutions of higher learning in Beijing. Our RENMIN RIBAO reporters went to Beijing University, Qinghua University, and several other institutions of higher learning to hold talks with the teachers and students there. They heard a lot of heart-felt views expressed by the teachers and students.

At about 22:00 this evening, on the campus of China University of Political Science and Law, students were listening to the broadcast of Zhao Ziyang's speech and discussing it. No sooner had the broadcast ended than students burst into thunderous applause. A student from the Department of Economic Law, who entered the university in 1986, said: "Zhao Ziyang's speech is a relatively objective and realistic one. I agree to his eight-word principle: Be Calm, Be Reasonable, Exercise Restraint, Keep Order. These eight words are really what we desperately need at the moment. Settling problems within the orbit of democracy and the legal system is indeed the most sensible way of settling problems." Another student from the same department added: "We sincerely hope that the party and the government will take effective measures to practically strengthen the building of democracy and the legal system, do things in accordance with the law, and increase the openness of their work."

On the campus of Beijing University, more than 1,000 teachers and students were listening to the speech. A young teacher of economics told our reporters: "This is a mild speech which has demonstrated the good faith on the part of the party and the government. I believe that Zhao Ziyang's speech will play a positive role in settling current problems." A student who had actively participated in the recent student movement said: "We welcome such an attitude in handling problems. However, the key to the settlement of the problems lies in how the dialogue between the government and the students will take place and what specific problems will be settled."

On the second floor of a student dormitory in China People's University, several post-graduate students also talked to our reporters. They had just returned from a student demonstration and had learned about the contents of the speech. They said that it was a good one. One of the post-graduate students said: "Both leaders and students should maintain reason. Zhao Ziyang's speech has displayed reason." A post-graduate student from the Department of Statistics pointed out: "If the government asks us to voice our complaints through the normal channels, it should first of all have all the normal channels smoothed out. Otherwise, how can we voice our complaints?"

The campus of Qinghua University appeared very peaceful this evening. All the students who had participated in the demonstrations had returned. The four main teaching buildings were ablaze with lights. Inside, many students were reviewing their lessons. A student from the Department of Automobiles, who entered the university

in 1987, said: "Zhao Ziyang's speech is an acceptable one. The patriotic enthusiasm displayed by the students should be understood. On 27 April, we walked for 17 hours. That was the first time I had ever walked for such long distance in my life. Why did we do that? I did not take part in today's student demonstration, for I don't believe that demonstration is the most fundamental way to resolve problems." A group of students, who had just seen a videocast depicting the activities commemorating the "4 May Movement," told our reporters that the practice of "boycotting classes without giving up studies" had in fact adversely affected their studies. Now all of them should keep cool and calm, and should hold dialogues with the government while attending classes. In one word, it was high time for them to go back to class.

On the campus of Beijing Teachers' University, Wang Zikun, president of the university, who had just come out of a student dormitory, told our reporters: "Zhao Ziyang has made a relatively comprehensive speech, which has at once affirmed the achievements China has made in her decade-long reform and construction, and pointed out the serious problems existing in our country, for instance, problems like corruption and degeneration. The action taken by the students has reflected some massive resentment toward such phenomena. Just now, I went to the student dormitories to see some of my students. I told the students that I hope them to do two things at the moment: One is that all the students will conscientiously read Zhao Ziyang's speech tomorrow and think about it very carefully; The other is that all the students will resume classes as soon as possible."

Our reporters also learned that the students and teachers of some institutions of higher learning still have reservations about some of the contents of Zhao Ziyang's speech.

#### Officials, Students Discuss Dialogue

HK0805151289 Hong Kong ZHONGGUO TONGXUN  
SHE in Chinese 1429 GMT 8 May 89

["Government Officials Meet With Members of the Student Dialogue Delegation by Appointment"—ZHONGGUO TONGXUN SHE headline]

[Text] Beijing, 8 May (ZHONGGUO TONGXUN SHE)—The director of the letter and visit bureau of the general office of the CPC Central Committee and the director of the letter and visit bureau of the Standing Committee of the National People's Congress [NPC], this afternoon met by appointment with four members of the Beijing college students' dialogue delegation to discuss the petition that Beijing students presented on 6 May.

The college students' dialogue delegation, which was established through democratic election by students from 29 colleges and universities in Beijing, presented a petition to the letter and visit bureaus of the general office of the CPC Central Committee, the general office of the State Council, and the NPC Standing Committee

last Saturday (6 May), asking for a dialogue with the government and urging the mass media to give comprehensive, fair, and accurate coverage of the dialogue between students and the government.

Four student representatives, namely, Xiang Xiaoji of the Chinese University of Political Science and Law, Shen Tong of Beijing University, Xu Guodong, post-graduate student of the Academy of Social Sciences, and Li Hao of the Jiaotong University of the north further made representations to the government officials on related dialogue this afternoon.

The government officials said that they had transferred the students' petition to higher authorities. They asked students where they want to conduct the dialogue. Student representatives stated that the ideal place is the Great Hall of the People, or the theater in the Central Television Station.

In the meantime, government official stressed that the government has started dialogues with various quarters in society. They also told students that the government will give a further reply on dialogue with students by 11 May.

#### **Authorities Dodge Demands**

OW0805142489 Tokyo KYODO in English  
1307 GMT 8 May 89

[Text] Beijing, May 8 KYODO—Chinese leaders dodged a demand for dialogue by a group of student activists Monday and faced renewed anger from journalists irked by authorities' clampdown on news reports about student protests for Democracy.

A poster pasted on a bulletin board at Beijing University said a group of journalists plans to call for student-government dialogue at the government-sponsored All-China Journalists' Association Tuesday.

Meanwhile, a leader of an independent student group formed last Saturday to press for dialogue with the party and government leadership said officials refused to respond whether party and government leaders would meet them to hear their demands.

"They didn't give us a definite answer, yes or no," one student representative told reporters after the four-member group emerged from an hour-long discussion with government officials charged with fielding public grievances.

The student group, named the Student Dialogue Representative Group, was formed Saturday after the government refused to meet with the independent student union that has organized three weeks of protests and mass demonstrations.

The government has refused to recognize the student union and has insisted it will hold talks only with officially established student unions.

A spokesman for the Student Dialogue Group said it plans to make more contacts with government officials this week in a bid to pry open its own channel of communication with the party and with government leadership.

"Nothing more can be said at this point," a student representative said as members of the group, which represent about 30 universities in Beijing, huddled behind closed doors in a strategy session on the campus of the China University of Political Science and Law.

However, a representative of the outlawed student union later told reporters that authorities told the group talks must be held in small groups on specific grievances, rather than an across-the-board face-off demanded by students.

Apparently buttressing that view, the minister of agriculture and senior officials from the ministry of machine-building and electronics industry met separately with two groups of students on Sunday to hear their grievances, the PEOPLE'S DAILY reported.

Journalists acting in solidarity with the students plan to protest the government clampdown on news reports of the student movement, which was triggered by the death of reform-minded former party leader Hu Yaobang on April 15.

The poster also said the journalists plan to raise two other grievances, including the dismissal of an outspoken Shanghai newspaper, which printed an article calling for the political rehabilitation of Hu.

#### **Further on Petition Response**

OW0905061889 Beijing Domestic Service  
in Mandarin 2130 GMT 8 May 89

[Text] A responsible person of the department for handling people's letters and visits to the General Office of the CPC Central Committee and the General Office of the State Council yesterday afternoon told the four students who had handed in a petition demanding dialogues that leading comrades of the party Central Committee and the State Council would have broad contacts and dialogues with workers, peasants, intellectuals, students, teachers, and people with non-party affiliations.

On 6 May, the four students handed in a petition signed with the names of 24 schools of higher learning in Beijing to the CPC Central Committee, the Standing Committee of the National People's Congress [NPC], and the State Council. Yesterday afternoon, they went to the reception room of the department for handling people's letters and visits to the General Office of the CPC Central Committee and the General Office of the State Council to hear a reply.



It was learned that, in the 6 May petition, the students called for conducting sincere, constructive, and open dialogues on issues including the current students' patriotic movement for democracy, deepening the reform of the political and economic structures, and promoting democracy and the legal system.

The responsible person of the department for handling people's letters and visits to the General Office of the CPC Central Committee and the General Office of the State Council said that during the past few days, concerned leading comrades of the State Council and Beijing Municipality conducted dialogues with some of the students.

Ministers of a number of ministries also went to offices of schools and student dormitories or asked students to their ministries for dialogues. The results of these dialogues were relatively good. In the future, they will continue to have dialogues with students of schools of higher learning through various channels at different levels.

The responsible person said that, in order to make future dialogues more satisfactory, we will continue to ask various schools and the Beijing Students Federation to collect questionnaires from students and their opinions on how to better arrange the dialogues.

Entrusted by leading comrades of the NPC Standing Committee, a responsible person of the department for handling people's letters and visits to the NPC Standing Committee yesterday expressed that the leading comrades of the NPC Standing Committee would welcome extensive dialogues between them and students and other people concerned.

#### Students Protest Response

HK0905015789 Hong Kong HONGKONG STANDARD  
in English 9 May 89 p 6

[By Tammy Tam and Priscilla Leung in Beijing]

[Text] Militant Beijing University students staged a demonstration on campus last night to protest the government's response to their demand for talks.

The students said they were not satisfied with the government's attitude, as displayed by minor officials at an hour-long discussion session held earlier in the day to arrange more substantial talks.

"We thought that resuming classes without concrete reactions from the government would mean a surrender. We are the only campus carrying on the battle," said student Miss Wang Li.

Afterwards, student representative Xiang Xiaoji said the possibility of further talks with the government had been cut in half.

He would not give further details of the discussions, but said the officials had asked the four student representatives to prepare a plan for further talks.

The four represented a student delegation which was formed last Friday to meet with government officials after authorities refused to recognise the recently-formed Autonomous Federation of Beijing Universities Students.

Members of the delegation had threatened to renew protests if their demand for talks were not met. They met after yesterday's session to decide what to do next.

The federation has urged all striking students to resume classes immediately. However, Beijing University students remain the most militant of the capital's campuses.

The base of the federation has been moved to the campus from Beijing Normal University, and those leaders still active in the federation are all from Beijing University.

Reflecting the conciliatory tone adopted by the government, party General Secretary Zhao Ziyang said yesterday the student protests had remained within bounds because the students were orderly and reasonable and the Communist Party and government had been tolerant.

The official Xinhua News Agency quoted Mr Zhao as saying the students raised problems the party must resolve and would do so through "legal and democratic" channels.

"This will help promote the country's democratic and legal construction," he said.

Mr Zhao said the situation had "been prevented from becoming acute because the party and government have all along adopted a very tolerant and restrained attitude, and because most students have acted with increasing reason."

He described the political situation in China as "good and stable", acknowledging that problems were inevitable in such a large country.

He said government reforms and the open-door policy of the last 10 years would not change.

Meanwhile, THE HONGKONG STANDARD has learned the identity of three students who were dismissed from their schools for participating in the student movement.

The three—Mr Zhao Chunlin, Mr Li Xiaolu and Mr Qiu Jian of the Central Institute of Arts and Crafts—were expelled after putting up a poster urging students to "maintain the spirit of the May 4 Movement and continue the fight for democracy and science."

"We were asked to meet the department the next day and end our studies immediately. The decision was absolutely unreasonable," said Mr Zhao Chunlin.

#### Many Students Still Absent

HK0905025089 Beijing CHINA DAILY in English  
9 May 89 p 3

[By staff reporter Cheng Hong]

[Text] Many students in Beijing University continued to stay away from classes despite the announcement last Thursday that classes would resume.

In the university, no more than 50 percent of the students, mostly women, went to class.

An official school survey revealed that of the 146 classrooms in eight main teaching buildings where classes had been scheduled, 56 classrooms were empty. In the remaining 90 classrooms, only 50 to 80 percent of the usual number of students went to classes yesterday.

Li Zhanbo, a teacher in the education department, told CHINA DAILY that there are many reasons for students not showing up for class.

For example, students of Grade 85 have completed their classes and most of them are writing graduate papers in libraries and dorms. Some classes went to laboratories, while others were cancelled because of teachers' absences—some teachers don't know where or when to have classes, he said.

He noted that usually 10 to 20 percent of the students in Beijing University are absent from class for various reasons.

He admitted that there are a number of students who refuse to go back to classes and are insisting on a continuous protest, holding onto the idea that their goals have not been reached. They are insisting that government officials have a dialogue with student delegates instead of representatives from student unions.

So far four dialogues between government officials and students have been reported.

Li said that the university will discuss how to deal with the students if they continue their class boycott.

#### Students, Authorities Talk

HK0905025689 Beijing CHINA DAILY in English  
9 May 89 p 4

[Text] A dialogue was held between the students from Beijing Agricultural University and Beijing Agro-Engineering University and the ministers of the Agricultural Ministry on Sunday.

Some students questioned He Kang, minister of agriculture, as to why state investment in agriculture has actually dropped over the past few years.

In response to the question, He said excessive emphasis on industrial development and overlooking agricultural development had caused serious imbalance between industry and farming. Besides, our estimate of the situation on the agricultural front in 1984 was too optimistic, He said, adding that the ministry of agriculture should take responsibility for this.

Four years of slow going in agriculture has made us realize the importance of agriculture as the basis of the economy, He said.

Now things are taking a turn for the better. Investment in agriculture this year, for example, has increased significantly nationwide, he said.

The students expressed their dissatisfaction over insufficient educational expenditure in universities of agricultural sciences.

He Kang said that during the period of the Sixth Five-Year Plan (1981-1985), capital allotted to the 18 universities and colleges under the jurisdiction of the Ministry of Agriculture accounted for one-third of the total investment in agricultural capital construction.

But the question is closely related to the economy as a whole. When State investment in agriculture decreased, not enough money could be earmarked to these universities, said He.

Despite a 13 million yuan decrease in capital construction in agriculture this year, the expense of these universities would increase by 1 million yuan, said He.

On the same day, another dialogue with the government was held with students from universities under the jurisdiction of the Ministry of Machine Building and Electronics Industry.

Some students raised the question of rampant speculation of colour television sets.

Wang Guohua, head of the Inspection Bureau under the ministry said this was first because of the huge gap between supply and demand of colour television sets.

In addition, management of the marketing of colour television sets was lax, Wang said.

In February, marketing of the sets was withdrawn to the specialized State corporation. Now illegal speculation has been headed off, Wang said.

In answering the question of how the government would control the importation of cars and promoting the country's own auto industry, Dai Shiqing, head of the China Auto-Industry Association, said that the government had taken measures to promote the production of China's own cars.

In 1988, for example, the Shanghai Auto Plant turned out more than 10,000 Santana cars, Dai said.

The No. 1 Automobile Plant in Changchun will produce a few thousand Audi cars, according to Dai.

The government has decided on a production line with capacity of 300,000 cars yearly, which will be built in the No. 2 Automobile Plant in Hubei, Dai said.

In the coming two to three years, domestically made cars will meet part of the national need, Dai said.

#### NHK Feature on Movement OW0905063189

[Editorial Report] Tokyo NHK General Television Network in Japanese at 1200 GMT on 7 May carries a 60-minute special feature program entitled "Chinese Students Speak Out". The program begins with NHK Beijing correspondent Chikau Sonoda first explaining that student discontent was a result of the discrepancy between economic liberalization on the one hand, and lack of political reform and traces of tightening political control on the other.

The program then shows scenes of the mass student demonstration in Beijing on 4 May 1989, commemorating the 70th anniversary of the May Fourth Movement. Students are heard shouting slogans in Chinese, identified by Japanese captions as "Long Live the People," "Down With Official Profiteering," "Continue Reform," and "Press Freedom."

Video shows Tiananmen Square on 19 April with people moving toward the Monument of the People's Heroes to mourn Hu Yaobang's death. An unidentified announcer says that the present round of student demonstrations resembles the Tiananmen Incident of 1976 which led to the downfall of the gang of four. A giant portrait of Hu is set up on the monument with young people climbing up to offer wreaths and display streamers with protest slogans written on them. The crowd below cheers them on, singing the "Internationale" and making "V" signs with their fingers. The announcer states that students started to hold spontaneous memorial meetings after news of Hu's death became known on 17 April.

An unidentified reporter interviews students on the objectives of their demonstrations. All are heard speaking in Chinese; Japanese subtitles are shown on the screen as translation. One student says that they demand freedom of the press and freedom of speech. Another is asked what the effect of student demonstrations will be

on the Li Peng administration. He answers in that he has no idea but he dislikes Li Peng because he brings humiliation to China when he visits foreign countries, and he only knows nuclear power and economics but not politics and society.

Video cuts to the student demonstration in front of the Xinhua Gate in Zhongnanhai on the evening of 19 April. Students are shown demanding that their wreath be accepted as a sign of mourning for Hu Yaobang's death, but they are repelled by the police. A student leader, speaking in Chinese with Japanese subtitles, demands that the National People's Congress, the Party Congress and the Chinese People's Political Consultative Conference hold a special joint plenary session to conduct a hearing on acts of corruption committed by the sons and families of Deng Xiaoping and Zhao Ziyang. Announcer says that the number of students joining demonstrations increases by the day but the Chinese media has not reported such unauthorized demonstrations at all. Students are shown rushing the line of police; some of them are pushed. Loudspeaker is heard announcing in Chinese with Japanese subtitles that Beijing authorities order the students to disperse in 20 minutes; announcer says that this signals the tough attitude of the government.

A crowd is shown gathering at Tiananmen Square in the rain to pay silent tribute on the morning of 20 April. The announcer says that students clashed with the police before the Xinhua Gate before dawn, resulting in a number of wounded and arrests. He states that this incident ushers in a new phase in the student movement.

Video cuts to Beijing University. The announcer says that the students decided to boycott classes from 24 April, to ask that those responsible for the 20 April incident be punished and to present seven demands for democratization, including freedom of the press. Students are shown gathering before wall posters declaring a boycott of classes. Students from other universities copy the contents of the posters or read the slogans into their tape recorders. Several students are interviewed on why they are boycotting classes. Responding in Chinese with Japanese subtitles, they say that their friends have been beaten and arrested and that China needs democratic reform to become a major power. The announcer gives a brief introduction of Beijing University's elite status and its traditional role as a vanguard of student movements as various scenes of campus life are shown. He says that what is noteworthy about the present movement is that the existing student association is seen as an arm of the party organization and preparations are being made for an autonomous student council.

Video cuts to a student dormitory room where the preparatory committee of the student council works. Students are shown writing posters. Announcer says that the committee has been tagged an illegal organization by the authorities and thus, the secretariat changes its office every day as a precaution. The committee is headed by a



collective leadership of five members and is far superior in leadership and mobility to the existing student association, he says. It has intensified contact with other universities in Beijing; Provincial universities have also shown great interest, he says. Students identified as being from Shenyang are shown exchanging information with the staff.

Chief of the control section of the preparatory committee Wang Shudong is interviewed. Speaking in Chinese with Japanese subtitles, he says that what the students mean by democracy is freedom of speech and the basic human rights to be guaranteed by the Constitution. He adds that the most urgent issue now is that it should be legislated into the press law that newspapers must speak the truth so that the students' views can be communicated through regular channels. Then the issues of reform of the political system and education can be resolved gradually. Announcer says that most leaders of the student council's preparatory committee are freshmen or sophomores and newcomers to the student movement. Propaganda team leader Jia Guangxin, in Chinese with Japanese subtitles, tells reporter that Article 41 of the Chinese Constitution stipulates that Chinese citizens have freedom of speech and the right to check on and expose illegal activities by civil servants. He states that since the student movement is intended to be peaceful, the Constitution is their only tool.

Video cuts to the Tiananmen Square; caption says that it is 22 April. A crowd is shown gathering near the Great Hall of the People where the memorial service for Hu Yaobang is being held. Inside the hall, Deng Xiaoping, Zhao Ziyang, and Li Peng are shown leading key party and state leaders in paying tribute to the deceased. Zhao Ziyang reads eulogy. The announcer says he has not mentioned Yu Yaobang's resignation as party general secretary two years ago. He reports that students who have evaded the police cordon and assembled since the night before watch the memorial service through live television coverage outside the hall. They shout "Dialogue, dialogue" to demand that Premier Li Peng have a dialogue with the students, he says. Three student representatives are shown being sent up the steps of the hall carrying a large scroll of paper; these contain seven demands for democratization to be handed to Li Peng personally, the announcer says. He adds that officials promise to take the scroll to Li Peng but the students refuse. The crowd is shown protesting and attempting to push forward.

Video cuts to a Beijing residence; announcer states that the moral supporter of the student movement, Fang Lizhi, presently a researcher of the Beijing Observatory, is being interviewed. Fang states in Chinese with Japanese subtitles: Without reform in politics, economic modernization can never be achieved. This has been a long-standing problem. That is why there has been continuous student activism since 1980. That is the common background. However, there have been specific developments lately which led to the recent movement. I think developments in

the last two years or so from 1986 to this year have made it clear that reform of the political system have to be implemented to develop the economy. In the past two years, two issues, inflation and corruption, have been of particular concern. I think these two issues in particular stimulated the eruption of the movement. I must say that during the May Fourth Movement, the students and the intelligentsia formed an independent group. However, in our case, after 1949, after the Communist Party assumed political power, almost all political forces have been concentrated in one party. Social forces are very weak and all serve one regime. Evidently, pluralism has to emerge gradually for a society to achieve democratization. That is, society has to have checks and balances. Of course, a society has to have a leadership and a government. Government and leadership are indispensable. However, there must also be independent social forces to supervise this government and leadership. Only thus can a society democratize.

Video cuts to an aerial shot of expansive residential blocks and modern highways in Beijing. The announcer says that economic policies in the past 10 years have brought about revitalization of the economy but have also resulted in economic confusion and corruption.

Video cuts to a street scene. The announcer says that the common citizen is most sympathetic to the students' slogan of "Down With Official Profiteering". He says that programs feature China Central Television news reports on illegal gasoline stations in Shaanxi, cigarette smuggling in Guangdong and Hainan, and a court sentencing the accused in graft and corruption cases involving the Beijing customs office.

Video cuts to a Beijing marketplace. Passersby are interviewed on what they think about student demonstrations and their misgivings about their livelihood. The camera follows a mother of two university students from a relatively well-to-do family from the market to her home. She is interviewed on student demonstrations. Parents and one son are shown discussing student activism. The son is interviewed on the student movement. Speaking in Chinese with Japanese subtitles, he says that he sympathizes with the students' good intentions and emphasizes the importance of education for national development.

Video cuts to a classroom in Beijing University on 24 April. Student leaders from various universities in Beijing who are responsible for propaganda meet on their propaganda strategy. The narrator says they discuss how to organize and how to conduct effective propaganda to not repeat the defeat of 2 years ago.

Beijing University's Jia Guangxin goes to Qinghua University to mobilize the students. Student propaganda teams go out to the streets to distribute leaflets and collect donations. Passersby interviewed on their view of the student movement, corruption, the need for reform, reliability of the mass media, and press freedom.

Video cuts to a demonstration scene with students carrying a big national flag and portrait of Hu Yaobang and singing the "Internationale" under the watchful eyes of the police. Narration says that at this time, the authorities have toughened their attitude toward demonstrations. The 26 April issue of RENMIN RIBAO is shown carrying on its front page an editorial denouncing student demonstrations as "disturbances." Students immediately hold an emergency news conference to refute the accusation. The camera turns from a very brief shot of the conference to a number of students gathered in a group. When asked what they think about RENMIN RIBAO's editorial which amounts to a challenge against the students, one Beijing University student replies that RENMIN RIBAO "can challenge the 13,000 Beijing University students but it cannot challenge the nationwide trend toward democratization," but admits that some students may back out in view of the editorial.

Video cuts to the Beijing University preparatory committee staff room. Narration says that some students have become hesitant to make street speeches for fear of suppression but the students decide to hold a demonstration the next day to protest the editorial. The mass media warn the students against such an action. Outside the student dormitory in Beijing University, the university authorities broadcast through loudspeakers a warning to the students concerning the possible consequences of holding demonstrations.

Before dawn on 27 April, police remove the wreaths and portraits placed in Tiananmen Square as tributes to Hu Yaobang and make the square off limits.

At 0800 on 27 April, police troops and even People's Liberation Army troops, for the first time in history, are stationed in and around Tiananmen Square. At the same time, students assemble before the gate of Beijing University and start to march. Beijing University's Jia Guangxin is shown speaking through a megaphone, asking students to keep within bounds of the Constitution and warning the authorities not to trample constitutional rights. The Beijing University group joins students from more than 20 other universities. The narrator says that the number of the marchers swells to more than 100,000, extending to a length of 10 km. This is the most massive unauthorized demonstration in PRC history. Video shows the students confronting the police at one point. The police are overwhelmed by the number of students and tension is high. However, students also form their own picket lines to avoid conflict.

At the Tiananmen Square, students continue their demonstration amidst the chorus of "Liberation Army go home!" by tens of thousands of onlookers. The narrator reports that both the students and the authorities have done their utmost to avoid unnecessary conflict. Demonstration ends peacefully late in the night amidst the sound of firecrackers, gongs, and the students' cheers.

Narrator reports that despite the size of the demonstration, PRC television reports merely read from the RENMIN RIBAO editorial terming demonstrations "disturbances" and appeal for the resumption of classes.

Video turns from a street shot to the Beijing University campus on 28 April. Narrator says that on that day RENMIN RIBAO reports the student demonstration for the first time and the word "disturbance" has disappeared.

The narrator reports that the government has reversed its rigid attitude and conceded to have dialogues with the students. Video shows the office of the All-China Students' Federation where a dialogue between government officials and student representatives is being held on 29 April. According to the narrator, the dialogue, which lasted more than 2 hours, is later broadcast on television in two installments. He adds that majority of the students attending are handpicked by the authorities. State Council Spokesman Yuan Mu first transmits a message from Li Peng and other leaders appealing to the students to resume classes as early as possible. Students raise questions on corruption and official profiteering, extravagance of a certain leading cadre, the crisis in education, press freedom and truth in media reporting and student demonstrations, receiving rather evasive answers and promises to take action from Yuan Mu; He Dongchang, vice chairman of the State Education Commission; and Yuan Liben, Beijing CPC Committee secretary. A student representative walks out of the room in protest saying that neither the students nor the officials present are representative and that the meeting is merely a forum and not a dialogue.

Then, video cuts to street scenes with Beijing University propaganda team leader Jia speaking to an audience, appealing that the dialogue held the night before should not be accepted because those attending the meeting were not true representatives of the students and that the officials failed to give satisfactory answers to their questions. He calls on the students to persist in the "struggle for democracy." The narrator states that such political propaganda activities have never been seen in the streets of China before and that many citizens stopped to listen to the students' appeals.

Video cuts to scenes of the ceremony held at the Great Hall of the People on to mark the 70th anniversary of the May 4th Movement with General Secretary Zhao Ziyang appealing to the youth in his speech "to get united, overcome all difficulties, and strive to vigorously develop the nation."

Video then shows two student representatives walking up the steps of the Great Hall of the People to submit their new demand for true dialogue but their demand is rejected by government officials concerned. At this point, video shows student representatives from 47 universities holding an emergency meeting on 3 May and deciding to push through the mass demonstration on 4 May.

Video cuts to scenes of Beijing University students preparing for the demonstration and shows an interview with a student at the dormitory on the disappearance of student leader Jia. The student tells the reporter that several student leaders, including Jia, had been forced to leave for home because of pressure from their parents.

Video then shows scenes of the student demonstration held on 4 May with streamers reading in Chinese: "Long Live New May 4th Spirit" and "Demand of Democratization." The demonstration is held in a peaceful way without any confrontation with the police. Mediamen in Beijing join in the demonstration for the first time to demand freedom of the press. According to the narration, the authorities did not take any strict measures to control the demonstration because the Asian Development Bank's annual meeting was in session in Beijing at the time and because the Sino-Soviet summit talks are scheduled to start in Beijing on 15 May.

Video then cuts to peaceful scenes at Beijing University on 5 May. The narrator says that after this 20-day democratization campaign, the students have reached the conclusion that classes should be resumed first before the democratization movement can be continued. One student leader, Wang Shudong, says in an interview that the traditional Beijing University spirit of seeking democracy should be further carried on. Video also shows big-character slogans put up on school walls, reading in Chinese: "We Do Not Despair; China Has Hopes!"

The special feature ends with concluding remarks by NHK Beijing correspondent Sonoda. He says that the students' feelings are well summarized in the remarks that "we do not despair," indicating that with their own capabilities, democratization cannot be won right away, but that they are determined to carry on the movement. Sonoda continues: "Through the current movement, the students have come to cherish unprecedented confidence. One of the characteristics in the modern and contemporary history of China lies in the fact that students play the role of vanguard at the time of reforms. There may still be many turns and twists ahead but the student movement will never die out. And in the last analysis, the students' demand for democratization may shake, in some way, the Communist Party's monolithic leadership. Moreover, the broad masses of people have now come to express their support for the students' demand. It is simply apparent that the Chinese Party and Government are no longer in a position to deal with the students' movement in a perfunctory way."

#### Journalists Continue Push For Press Freedom

##### Journalists To Withdraw Article

HK0905020189 Hong Kong HONGKONG STANDARD  
in English 9 May 89 p 6

[By Priscilla Leung in Beijing]

[Text] Journalists at the controversial WORLD ECONOMIC HERALD said yesterday they had agreed to

drop a planned front-page article criticising the sacking of its editor-in-chief by the local Communist Party municipal committee.

The move is a compromise to enable distribution of the current issue, which contains three other articles the journalists want printed.

The three deal with recent protests by journalists in Beijing and demands for press freedom and the establishment of non-government newspapers.

Distribution of the paper had been held up by authorities who objected to the front-page article. It was the second time in two weeks an issue had been suspended.

Following the first suspension—over an article which called for the full rehabilitation of the late General Secretary Hu Yaobang—editor Mr Qin Benli was sacked in favour of a replacement favoured by the party.

Mr Zhang Weiguo, head of the Beijing office of the Shanghai-based Herald, acknowledged that the journalists had made concessions to the government on the dispute.

"We don't want our newspaper to be taken over completely," he said.

Although the journalists had threatened to sue the municipal committee, Mr Zhang said future decisions would be made according to the best interests of the paper.

He said HERALD staff were under great pressure and were frustrated.

Meanwhile, a group representing Beijing journalists are to deliver a petition to the government calling for press freedom.

The letter is addressed to the Standing Committee of the National People's Congress, the Central Committee of the Communist Party and the Chinese People's Political Consultative Conference. It will be delivered via the state-sponsored All-China Journalists Association.

The group includes journalists from the CHINESE YOUTH DAILY, run by the Chinese Communist Youth League, and the PEOPLE'S DAILY, run by the party Central Committee.

Sources said Mr Hu Qili, head of propaganda operations for the party Politburo Standing Committee, had instructed the association to treat the representatives "properly".

It will be Beijing journalists' second demand for press freedom since they joined the student demonstrations on May 4.



The petition includes three demands:

- The Shanghai municipal party committee should withdraw its decision to sack Mr Qin.
- The government should apologise to journalists for restricting coverage of the student movement, which they say damaged their reputation as professionals.
- Beijing should ensure press freedom as written in the constitution.

Since the beginning of pro-democracy demonstrations in mid-April, the appeal said "the capital's media have been unable to completely, fairly and objectively report because of all kinds of pressure."

It said restrictions on coverage had crippled the reputation of the Chinese press at home and abroad.

#### **Journalists Petition Officials**

OW0905103589 Tokyo KYODO in English  
1012 GMT 9 May 89

[Text] Beijing, May 9 KYODO—At least 1,000 Chinese journalists, distressed by a government clampdown on news reports on the recent student pro-democracy movement, petitioned officials Tuesday for direct talks in a bold move to press for press freedom.

Meanwhile, a poster seen Tuesday on a bulletin board of Beijing University campus, claimed a group of conservative party leaders met secretly in Qingdao recently and decided to force party chief Zhao Ziyang from power "sometime this year."

The unsigned poster, pasted up alongside other student notices on the current student movement, said State Vice President Wang Zhen and at least three conservative party ideologues—Bo Yibo, Deng Liqun and Hu Qiaomu, took part in the Qingdao meeting.

The hint of a possible power struggle came as students and journalists pressed the government for "dialogue."

Cheered by a group of supporting students, a delegation of Beijing-based journalists hand-delivered a letter of petition to the All-China Journalists' Association (ACJA) Tuesday afternoon in a well-publicized move.

"We are all acting on our own. We all signed as individuals," said Li Datong, a reporter from CHINA YOUTH NEWS, a Beijing-based daily, who handed in the petition to the ACJA.

The petition, which Li said bears at least 1,013 signatures, calls for a "dialogue" with officials in charge of party propaganda and media and publications affairs to discuss grievances.

Those who signed included journalists from the PEOPLE'S DAILY, the official organ of the Communist Party, the state-run XINHUA news agency, the English language CHINA DAILY, and 27 other major news organizations in Beijing.

Since the pro-democracy demonstrations began in Beijing in mid-April, "the capital's media has been subject to all sorts of restrictions which have made it impossible to report completely, fairly and objectively," the petition said.

It called for talks for easing press restrictions as well as the reinstatement of the chief editor of an outspoken newspaper in Shanghai.

Qi Benli, editor-in-chief of the "World Economic Herald," was dismissed after his newspaper carried an article calling for the political rehabilitation of Hu Yaobang, the former reform-minded party chief whose death last month triggered waves of pro-democracy demonstrations in Beijing and other major cities.

The government clampdown on the media "has damaged the reputation of the Chinese media at home and abroad," the petition said.

The journalists specifically demanded to meet with three officials: Party Secretary Rui Xingwen, Party Propaganda Chief Wang Renzhi and Du Daozheng, director of the State Media and Publications Office.

ACJA executives who received the petition promised to relay the message to party leaders, a spokesman for the petitioning group told a crowd of foreign reporters assembled outside the ACJA office.

The petitioners were cheered by about 1,000 students from Beijing University who bicycled all the way from the university campus about 20 kilometers away to provide moral support.

"You are the conscience of the Chinese news media," one placard carried by the students read.

The journalists' call for dialogue came a day after officials dodged a demand by an independent group of Beijing students for talks with party and government leaders.

The student group, formed hurriedly last week, wanted the talks to secure a positive official assessment of the student movement, guarantees for freedom of speech and a promise to eradicate corruption.

Government officials Monday offered to meet with the students on a topic-specific basis, but the students have insisted that talks should be of "a comprehensive nature."

A student representative told KYODO news service Tuesday that government officials have promised to give the student group a reply on Thursday.

The call for "dialogue" with party and government leaders has been a central theme since the students launched massive demonstrations following Hu's death in a bid for greater democracy and to protest official corruption.

The government has sponsored four sessions of dialogue with university students over the past 10 days but has so far refused to meet with students who organized themselves on an ad hoc basis after the demonstrations erupted in mid-April.

Students from 24 universities set up a student dialogue representative group last Friday to press for direct talks with the government after authorities declared as illegal a larger student group that organized the series of demonstrations.

#### More on Petition

OW0905145589 Beijing XINHUA Domestic Service  
in Chinese 1340 GMT 9 May 89

[Local Broadcast News Service]

[Text] Beijing, 9 May (XINHUA)—A petition with the signatures of some journalists in the capital was delivered this afternoon to the All-China Journalists' Association [ACJA].

The petition says: "We believe there is the need to have a dialogue with the responsible comrades of the party Central Committee in charge of propaganda with regard to what has happened within the press circles recently."

A reporter who delivered the petition said to the Chinese and foreign journalists present on the occasion that the 1,013 signers were from more than 30 news units in the capital.

Another journalist who took part in the delivery of the petition said that those who signed their names represent themselves, not the units where they work.

Yang Yi and Tang Fei, members of the ACJA Secretariat, accepted the petition in a hall on the second floor of the association. Yang Yi said that the association would be responsible for delivering the petition and would immediately inform the petitioners as soon as any results are available. Tang Fei indicated that he fully understood why his friends in the news circles wanted a dialogue. He said the ACJA would strive to serve the press circle and promote ties between the press circle on the one hand and the party, government, and other social circles on the other.

When the journalists delivered their petition, nearly 1,000 students of schools of higher education assembled at the entrance of the association to voice their support for the petitioners. They shouted slogans like "Speak for the People, News Reporting Is an Important Matter, Unite Together, Rejuvenate China."

#### Journalists Demand Dialogue

HK0905112989 Hong Kong AFP in English 1127 GMT  
9 May 89

[By Denis Hiault]

[Text] Beijing, May 9 (AFP)—More than 1,000 Chinese journalists Tuesday demanded a dialogue on freedom of the press in a petition to the Chinese Communist Party, in a new call for liberalization confronting authorities here.

A total of 1,013 members of the official All China Journalists Association signed the petition, which was delivered to officials of the Press and Propaganda Department, part of the party's central committee.

The unprecedented move was announced by Yang Yi, the director of the association which represents all of China's official media, at a press conference at the group's headquarters before the petition was delivered.

Some 2,000 students gathered outside the building, located a few hundred metres (yards) from the Great Hall of the People in Tiananmen Square, to show their support to the journalists.

"A dialogue is not a challenge," Mr Yang told some 200 foreign and Chinese reporters at the press conference, which came five days after an estimated 200 to 300 Chinese journalists joined a protest in the streets of the capital.

The journalists marched on May 4 carrying a banner reading "We want to be able to tell the truth" while some 300,000 students and Beijing residents shouted slogans demanding democratization.

To the cheers of co-workers, Li Datong, a journalist from the China Youth News published by the Communist Youth League, read the names of 30 "work units within the press sector" including newspapers, television and radio, which were represented by signatures in the petition.

Signatories included correspondents from the government's major media outlets, including the official Communist Party newspaper PEOPLE'S DAILY and state-run radio and television stations.

The journalists deplored the obstacles they encountered while trying to report on the student unrest that broke out after the death April 15 of former Communist Party chief Hu Yaobang.

Mr Hu was sacked in 1987 for his relative liberalism following student demonstrations for democracy in the winter of 1986-87.

"The press in the capital, faced with all kinds of limitations, cannot report thoroughly and objectively... This seriously tarnishes its reputation in the eyes of readers and listeners in China and abroad," it said.

A researcher at the Institute of the Press told the conference that the way in which the press reported, "or rather did not report," the events during the past three weeks of student unrest had been "shameful."

The petition openly challenged statements by government spokesman Yuan Mu, who recently stated: "Our press is free."

"We, members of the press, declare that this is not at all true," the signatories said in the petition.

The petition said press limitations oppose the directives established at the Chinese Communist Party (CCP) congress in October 1987. The CCP recommended at its 13th Congress: "It is necessary to bring major events to the attention of the people."

During their talks with officials, the journalists, most of whom say they belong to the Communist Party, said they would also demand the rehabilitation of Qin Benli.

The former editor-in-chief of the Shanghai weekly World Economic Tribune was dismissed for articles reporting that Mr Hu was ousted from power for his reformist moves.

The journalists' bold entry into the debate on democratization in China was preceded by a series of articles and editorials supporting "Toumingdu," the Chinese term for "openness" or glasnost.

#### **Funeral Ceremony Held for Li Jingquan**

HK0905084789 Beijing ZHONGGUO XINWEN SHE  
in Chinese 1224 GMT 8 May 89

["Zhao Ziyang and Others Pay Their Last Respects to the Remains of Li Jingquan"—ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 8 May (ZHONGGUO XINWEN SHE)—A ceremony paying last respects to the remains of Li Jingquan, a veteran CPC revolutionary who had participated in the Long March, was held in Beijing today.

Li Jingquan died after an illness on 24 April, at the age of 79.

Li Jingquan was a member of the Political Bureau of the eighth CPC Central Committee, a vice chairman of the fifth National People's Congress [NPC] Standing Committee, and a former member of the Central Advisory Commission Standing Committee. He joined the revolutionary ranks in his early youth successively enduring humiliations to carry out important missions; in the 1930's, he worked with all his energy to counter "encirclement and suppression" and participated in the Long March; made important contributions toward victory in the War of Resistance Against Japan; and toward the defense of the bases in Shanxi and Suiyuan Provinces.

After the founding of New China in 1949, he was successively the principal responsible person of Western Sichuan and Sichuan Provincial Party, Government, and Army, and took infinite pains to score great achievements in all items of construction in the southwest region. During the "Cultural Revolution," he suffered cruel persecution by the counterrevolutionary clique of Liao Biao and Jiang Qing, but despite his physical and mental ruin, still persisted in the struggle.

Party and state leaders, including Zhao Ziyang, Yang Shangkun, and Li Peng, and some 1,000 personages of various circles attended the ceremony to pay last respects to his remains.

The ashes of Li Jingquan will be placed in the Babaoshan Revolutionary Cemetery, Beijing.

#### **May 4th Forum Views Building of Democracy**

HK0805035589 Beijing RENMIN RIBAO in Chinese  
1 May 89 p 1

[Report by correspondent Wang Liming (3769 4409 2494): "The Research Center of the CPC Central Committee for Reform of the Political Structure Holds Discussion Meetings on Democracy To Mark the 70th Anniversary of May 4th Movement"]

[Text] Beijing, 30 Apr (RENMIN RIBAO)—Recently, on the eve of the 70th anniversary of the May 4th Movement, the Research Center of the CPC Central Committee for Reform of the Political Structure held five discussion meetings on democracy one after another. At the meetings, nearly 30 personages from all quarters spoke their minds freely, each airing his own views, conscientiously analyzed the current situation in our country's building of democracy, and made constructive proposals conducive to the building of democracy.

The comrades who participated agreed: After the May 4th Movement, under the leadership of the CPC, the people all over the country spent 30 years winning their democratic rights, thus founding the People's Republic of China. In the last 40 years since the founding of the PRC, the CPC has again led the people throughout the nation in building socialist democracy. Especially since the 3d Plenary Session of the 11th CPC Central Committee, thanks to the efforts to bring order out of chaos and to blaze new trails while making reform, our country has made very great advances in building democracy. Nevertheless, there is still much to be desired. We should understand the necessity and urgency of developing socialist democracy and take practical and realistic measures to carry the building of democracy forward in a down-to-earth and orderly way and step by step.

At the meetings, quite a few comrades stressed the importance of making the process of policy decision-making more democratic and scientific, saying that this is the fundamental way of reducing errors in policy



decisionmaking and guaranteeing the smooth development of the state's reform and modernization program. Some comrades said: To make the process of policy decisionmaking more democratic and scientific, we must see to it that policy decisionmaking is put on a basis of sound procedures. The questions of how many administrative levels are involved and how many steps should be taken in making an important policy decision should be standardized according to statutory procedures. We should earnestly heed opinions from people of all quarters, particularly differing opinions, and study and compare different propositions.

At the meetings, many participants suggested that the people's congress system be perfected and improved. They said: The system of people's congresses has been playing a greater and greater role in our country's political life the last few years. This is obvious to everyone. However, some problems have also cropped up that warrant serious consideration, such as the number of people's deputies being excessive, the time allocated for discussing matters being relatively short, and discussions of matters being inadequate. All these have yet to be improved.

Hoping that the Chinese People's Political Consultative Congress [CPPCC] role of "political consultation and democratic supervision" would be brought into fuller play, some comrades contended that the CPPCC is an important channel for reflecting opinions of people from all quarters of society and its work needs to be gradually institutionalized.

Some comrades stressed the importance of the building of democracy at the grass-roots level. They said: With the enforcement of the "Enterprise Law," new changes have taken place in enterprises and the task of building democracy has thus become more important. As such, while supporting enterprise operators in boldly performing their duties, we should bring the roles of the employees congresses and the vast numbers of employees into full play.

Many comrades proposed that the enactment of laws concerning civil rights be accelerated so as to ensure the provisions of the constitution on citizen's rights and freedoms are enforced to the letter and that abuses of rights and freedoms are restricted according to the law.

At the meetings, many comrades pointed out: The building of democratic politics should be carried out on the path of the legal system. In the current circumstances, it is extremely urgent to build and heighten the authority of the law.

Participating comrades unanimously agreed: To mark the 70th anniversary of the May 4th Movement and carry forward the May 4th spirit of science and democracy, it is all the more necessary to respect knowledge, attach importance to education, and to strengthen exchanges and understanding between the party and the

intellectuals so that the people of the entire country will unite as one and work hard for the reform, opening up to the outside world, and modernization program.

**Official Discusses Enforcement of Secrecy Law**  
*HK0805051789 Beijing RENMIN RIBAO in Chinese*  
1 May 89 p 2

[Report by Mao Lei (3029 4320): "Director of State Secrecy Bureau Interviewed on Enforcement of 'Secrecy Law'"]

[Text] Beijing, 30 Apr—Beginning tomorrow, the PRC law on guarding state secrets will be officially enforced. This reporter interviewed Shen Hongying, director of the State Secrecy Bureau on the enforcement of the law.

This reporter asked: Some people are worried that the enforcement of the Secrecy Law will impede reform and opening up. Will you please comment on this?

Shen Hongying pointed out: From the purpose of enacting this law to its concrete provisions, the law embodies the principle of adapting the management of state secrets to the situation of reform and opening up. For example, the law includes the definition, scope, categories, and time limits of state secrets, and stipulates the rules for the handling of state secrets in foreign activities and foreign cooperation. The stipulations concerned are quite different from the previous ones. I think that the new stipulations will be favorable to the implementation of the general reform and opening up policy.

Moreover, it should also be pointed out that reform and opening up do not mean that we will not keep any state secrets and make public everything in our country. Some very open countries in the world also have their own rules and regulations for protecting their state secrets from leaking out.

The reporter asked: "Will the enforcement of the Secrecy Law affect the openness of government work?" Shen Hongying answered: On this issue, we will adhere to two principles. First, the open degree of the activities of the state's leading organs must be raised. Second, the state's secrets must be strictly guarded. According to the stipulations of the Secrecy Law, fewer state affairs are classified as secrets, and this will be favorable to the enhancement of the openness of government work.

The reporter asked Shen how the mass media should pay attention to guarding state secrets in their news reports.

Shen Hongying stressed: On the one hand, journalists should maintain a sense of guarding state secrets; on the other hand, the units and individuals who provide the news should also bear responsibility. It is not fair to cast all the blame on the news institutions for the leaking of state secrets. We will formulate relevant regulations in this regard as soon as possible in light of the Secrecy Law.

In conclusion, the reporter asked: As foreign opinion has made various conjectures as to the approval of the Secrecy Law by the National People's Congress [NPC] Standing Committee, would you please tell us something about the process of the NPC Standing Committee's deliberation of the Secrecy Law?

Shen Hongying replied: In the process of deliberating the Secrecy Law, the members of the NPC Standing Committee generally held that it was necessary to enact the law. At the same time, they held that it is necessary to strictly define the scope of state secrets so that affairs which are not secrets will not be treated as secrets. When the law was put to a vote, all the Standing Committee members unanimously voted for it.

**Legal Expert Solicits Opinions on Basic Law**  
HK0805080189 Beijing ZHONGGUO XINWEN SHE  
in Chinese 1020 GMT 1 May 89

["Xu Chongde Talks About Seeking Views on the Basic Law (Draft) in Hong Kong"—ZHONGGUO XINWEN SHE headline]

[Text] Hong Kong, 1 May (ZHONGGUO XINWEN SHE)—Xu Chongde, a mainland member of the Hong Kong Basic Law Drafting Committee and professor of the law faculty of the Chinese People's University who came to Hong Kong to solicit opinions, said that he believed that Hong Kong people will be able to propose through consultation a scheme for the future political system accepted by the majority.

During an interview with a ZHONGGUO XINWEN SHE reporter, Xu Chongde, member of the political system group of the Hong Kong Basic Law Drafting Committee, said that some people hold that the atmosphere of the current solicitation of opinions is not lively enough because Hong Kong people are "indifferent" toward the Basic Law. Xu did not agree with this point. In the 2-week long activities in Hong Kong, the drafters from both the Mainland and Hong Kong participated in some 40 forums, an average of at least 3 a day. Many Hong Kong people expressed their views on the Basic Law (draft). The speeches were fervid on some occasions and the time was insufficient. During the current solicitation of opinions, the drafters tried to contact the basic levels, directly hold talks with the inhabitants, answer their questions, and give them an account of the spirit of the provisions and the course of the drafting of the Basic Law. Meanwhile, the drafters further realized the views of the inhabitants and increased mutual understanding. According to statistics made by Xu Chongde, there are many changes in the revised Basic Law (draft) compared to last year's Basic Law (for solicitation of opinions) which show that many opinions of the Hong Kong people have been adopted through the previous solicitation. Naturally, the current solicitation is focused on the controversial problems. Hence, the opinions made at this time will be more

profound and specific. Probing into the problems in a profound and calm manner constitutes another characteristics of the current solicitation.

Xu Chongde said that the mainland drafters have never had prejudices or made a final decision on the proposal for the political system. They respect the views of the Hong Kong people. Nevertheless, the proposal for the future political system should be accepted by the majority of the Hong Kong people and should contribute to Hong Kong's stability and prosperity. There are now differences in the views of Hong Kong people. The representatives of each proposal say that they represent the interests of the Hong Kong people. This has increased the difficulties on the work of the drafters. Xu said that statesmen should know how to make a compromise. If each side sticks to his own view and refuses to yield an inch, the Drafting Committee will eventually have to apply the simple means of voting to select one of the proposals. Although voting is eventually necessary in line with the procedures of legislation, Xu hoped that the vote would be based on the unanimous views of the majority of the Hong Kong people. Xu said that the "proposal of 89" and the proposal of the "middle elements" were almost identical. If the "proposal of 109" would yield a bit, there would be hope for reaching a proposal accepted by the majority.

Regarding a public opinion poll, Xu Chongde said, some people said at a forum that they received only 100 of the 20,000 questionnaires distributed. As an organ under the National People's Congress, Xu said, it would be inconvenient for the Basic Law Drafting Committee to conduct a public opinion poll in Hong Kong which is still under British administration. As to whether the Consultative Committee will conduct a public opinion poll, it is a matter for the Consultative Committee. Xu continued that he is not against the public opinion poll conducted by any Hong Kong organization or individual. The results can be presented to the Drafting Committee for reference.

Professor Xu, who has been engaged in legal work for the past 40 years, said that the "Administrative Procedural Law" adopted recently in the Mainland indicates the further perfection of the legal system and importance attached to human rights. He disclosed that there are many units in the Mainland studying the law of Hong Kong. In this summer, the mainland law circles will establish a national nongovernmental organization called "Hong Kong Law Society." The purpose of this nongovernmental organization is to study the law of Hong Kong and link up the legal thinking of the Mainland and Hong Kong. This will help each side understand the legal system of the other.

**CPC Support of Democratic Parties 'Crucial'**  
HK0905014389 Hong Kong HONGKONG STANDARD  
in English 9 May 89 p 1

[By Tammy Tam in Beijing]

[Text] China's Communist rulers feel the support of China's eight approved non-communist parties is crucial to maintain order once the mainland regains control of Hong Kong.

At a recent internal meeting of the party, a Chinese leader told high-ranking state and communist officials a sound multi-party system would prevent trouble when Hong Kong and Taiwan return to China, THE HONGKONG STANDARD has learned.

Beijing's rulers fear people in Hong Kong and Taiwan will not whole heartedly support them if their base and mandate have not been enlarged to include the eight approved "democratic" parties.

Beijing is well aware of the new political forces emerging in Taiwan and Hong Kong, including the territory's trend towards party politics.

The Chinese Constitution forbids political parties other than the Communist Party and the existing democratic parties, all formed before the founding of the republic.

The communists have also been told by intelligence sources that Taiwan's ruling Kuomintang is attempting to undercut Beijing by ruling the democratic parties on the mainland away from the communists, the source said.

"We should strengthen multi-party co-operation as soon as possible so as to gain wider support for the party in the future," the Beijing leader said.

Last January, party General Secretary Zhao Ziyang also told an internal meeting building up a multi-party system was "our principal task of 1989. We should change ourselves to meet the need of the new situation."

Mr Zhao now heads a task force preparing plans to gain the support of the democratic parties.

Other members of the task force include leaders of the eight parties, including Mr Fei Xiaotong of the China Democratic League, Madam Lei Jiexiong of the China Association for Promoting Democracy, Mr Yong Yiren of the China Democratic National Construction Association and Mr Cheng Siyuan, a non-party representative.

The head of the Communist Party United Front Work Department, Mr Yan Mingfu, was appointed by Mr Zhao to act on his behalf in his absence.

Several proposals for the blueprint were made yesterday at a meeting with democratic party leaders. High officials of the Taiwan Affairs Office under the State council also attended.

The proposals are being disseminated to members of the Communist Party Central Committee who are ranked at provincial level or above.

A draft will then be submitted to the Standing Committee of the National People's Congress and the Party Central Committee between August and September.

**Culture Minister Views 'Progress for China'**  
*AU0905070189 Paris AFP in English 0646 GMT  
9 May 89*

[Text] Paris, May 9 (AFP)—Freedom of expression in China does not fully exist, Culture Minister Wang Meng has conceded, saying the situation "still leaves something to be desired", while stressing that progress had been made in the last few years.

Mr. Wang, who began an official visit to France on Monday [8 May], is a writer who was himself persecuted during the Cultural Revolution.

In an interview here with AGENCE FRANCE-PRESSE, the minister however expressed satisfaction at the attitude adopted by the Chinese authorities during the massive pro-democracy demonstrations staged in recent days by students in China.

"The authorities adopted a soft method, which represents progress for China," he said, adding that he hoped very much there would be "neither violence, nor repression" should there be further demonstrations.

"That is the feeling shared by the authorities and the people," Mr. Wang said.

He stressed that he "agreed with" what he said was the "essential" slogan of the students—"rejection of a pause in the reforms" launched in China over the last decade under leader Deng Xiaoping.

On other slogans used by the demonstrators, notably those calling for "freedom" and "democracy", Mr. Wang said that "each person has the right to express a point of view".

Questioned on this, Mr. Wang, who became well-known in the 1950's for his works critical of the Chinese bureaucracy, said he believed that China was at the moment "in the best period of its history regarding freedom of expression."

But he added that the freedom of expression that currently existed "still leaves much to be desired", and conceded that this could explain why a number of Chinese intellectuals and artists had left the country to live abroad.

"So far as my ministry is concerned, I must make efforts to improve living conditions for intellectuals and work on the level of patriotism," Mr. Wang said, expressing the hope that as living conditions improve in China, a growing number of students and intellectuals would return to the country.

Invited by French Culture Minister Jack Lang, who is to make a visit to China later this year, Mr. Wang is scheduled to visit numerous cultural establishments in France on Tuesday and Wednesday.



Thursday he will open the Cannes Film Festival with Mr. Lang, before leaving France for Turin, Italy.

During his stay in France, he will also be reviewing Franco-Chinese cultural exchange programmes, which are receiving a boost this year thanks to celebrations of the 200th anniversary of the French Revolution and the 40th anniversary of the founding of the People's Republic of China.

Featuring among the programmes this year are a large exhibition of books in China on the French Revolution, which is to be followed by a tour of France in October by China's Wuhan circus and a museum exhibition of ancient Chinese clothing at the end of the year.

### Economic & Agricultural

**Deng Approves Development Plan of Yangpu Port**  
*HK0605061089 Hong Kong MING PAO in Chinese*  
6 May 89 p 8

["Special Dispatch": "Deng Xiaoping Approves Following the Original Plans for Developing Hainan Province and Yangpu Port"]

[Text] The CPC supreme leader Deng Xiaoping finally approved the development plan of Hainan a few days ago. He stated that the development of Yangpu zone should be carried out in accordance with the original plan, and that persuasion work should be done for those who hold divergent views. People believe that the dispute inside the CPC about the development of Yangpu has been settled.

It has been revealed that the highest leadership stratum of the CPC has paid very close attention to the development of Hainan Province. This year the CPC Central Committee General Secretary Zhao Ziyang, State Vice President Wang Zhen, Vice Premier of the State Council Tian Jiyun, and others carried out an inspection of Hainan. They have adopted a positive attitude toward the development of the Yangpu Port zone, and the direction of the development of Hainan. But Vice Premier Tian Jiyun suggested that the development of the Yungpu Port zone be carried out quietly without bluster and ostentation. In the past, main leaders of Hainan Province maintain that public opinions be whipped up to present a fait accompli with regard to the development of the port zone. This invited objections and criticisms from both at home and abroad.

According to well-informed sources, main leaders of Hainan Province hold identical views on the direction of the development of Hainan. They do not dispute the pattern for the development of the Yangpu Port zone. However, their views are divergent on the specific method for development. Many leaders said: in the process of making a policy decision for the development of the Yangpu Port zone, Hainan Provincial Governor Liang Xiao lacked democracy. Supervisory mechanisms

and transparency were insufficient. Members of the leading groups responsible for the development of Yangpu Port zone consisted mainly of people who were transferred from Shenzhen to Hainan by Liangxiang. It was revealed that Liang Xiang was criticized inside the party because of all this. In addition, some Hainan provincial leaders maintained that a method of inviting international tenders should be employed with regard to the development of Yangpu Port, and that no priority should be given to big companies.

At the recently concluded second session of the Hainan Provincial Conference of People's Representatives, "grasping well the development of Yangpu Port zone" was included in the resolution of the conference. However, no resolution has been passed on the way to strengthen basic facilities of communications, energy, and so on, and to attract foreign capital, and on substantive development plans for port cities such as Haikou, Sanya, Wenchang, and others.

It has been learned that Hainan is facing numerous problems connected with its development. First of all, the special policy adopted by the central authorities for Hainan has not yet been clear to date. Therefore, all work has stagnated. Since the establishment of Hainan Province last year, leadership stratum of the province has actively reformed its administrative structure in accordance with the pattern of "big community and small government," with an aim of enhancing work efficiency. The central authorities also made a decision that the NPC Standing Committee would be directly responsible for the allocation of financial and material resources, and manpower for Hainan. However, early this year the decision was changed. Instructions have been issued that Hainan establishes direct links with various departments under the State Council. As a result, the work gets bogged down again in "red tape." This has considerably delayed the speed of development.

Another severe difficulty facing Hainan is that the province is seriously short of funds. Its previous industrial foundation was weak, and its communications and energy conditions were poor. It is not particularly attractive to foreign capital. Hainan leadership stratum originally planned to rely on the support of other provinces to ease the difficulties in funds. However, a policy of economic retrenchment has been implemented since the end of last year. Various provinces reported an emergency and withdrew their money from Hainan one after another. It was reported that registered capital of companies in Hainan from various provinces is 5 billion yuan. But the actual investment made was less than 200 million yuan.

Last year, the central authorities allocated a total of 2 billion yuan to Hainan. However, half of it was used as local financial subsidies for Hainan, one-fourth to two-fifths of it was spent on supporting the poor and the poor area. Therefore, only a very small amount of funds was

truly invested in development and construction projects. The projects of constructing a round-the-island highway and airport which are covered by the development plan have not been started yet.

According to insiders, every year Hainan needs 10 billion yuan for its all-round development. However, Hainan leadership stratum does not know what to do to obtain such a large sum of money.

**Retrenchment Won't Affect Foreign-Funded Business**  
*OW0605092789 Beijing XINHUA in English*  
0631 GMT 6 May 89

[Text] Beijing, May 6 (XINHUA)—Foreign businessmen who invest in China's Fujian, Guangdong and Hainan Provinces will enjoy "special attention" in terms of favorable treatment, Chinese State Councillor Li Guixian said here today.

"This is the responsibility and obligation of the Governor of the People's Bank of China (PBC) and is permitted by state policies," Li, who is PBC governor, told a press conference organized by the 22nd annual meeting of the Asian Development Bank (ADB).

The Chinese Governor reiterated that China's current policy of retrenchment will not affect Sino-foreign joint ventures or wholly-foreign-funded businesses.

Briefing the press on the progress of China's economic readjustment, Li said measures of the economic overhaul have proven "fairly successful."

To support his point, Li said industrial growth rate dropped to 10.4 percent in the first quarter this year from 17.2 percent last year; and the scale of capital construction and the prices of raw materials also have dropped.

In the financial sector, he said, the financial market is "very stable," owing to the raising of deposit interest rates.

Li attributed the current "noticeable inflation" primarily to the excessive scale of capital construction, excessive industrial growth, and over-due consumption level and a total demand that outweighs total supply.

Last year, he said, investments into the capital construction sector surpassed the supply of raw material and energy, creating meanwhile a shortage of money, short-term funds in particular.

To deal with the situation, Li said, the Chinese Government adopted financial and credit policies of retrenchment to curb total money supply on the one hand, and raised deposit interest rates and deposit reserves and strengthened the control over commercial loans on the other hand to stabilize the financial market.

**LIAOWANG Views Growing Investment Abroad**  
*HK0905101089 Hong Kong LIAOWANG OVERSEAS*  
*EDITION in Chinese No 18, 1 May 89 p 21*

[Article by Wang Xuewen (3769 1331 2429): "China's Investment Abroad Grows Steadily"]

[Text] Joint ventures or enterprises run with exclusive Chinese investment abroad, constitute a new undertaking developed over the past decade and a component part of China's current foreign trade work. While drawing large amounts of foreign investment, by the end of 1988, China has, based on the principle of mutual benefit, approved the establishment of 526 non-commercial enterprises abroad, involving a total investment of \$1.9 billion, of which investment by the Chinese side amounted to \$715 million, accounting for 37.6 percent of the total. These enterprises are distributed in 79 countries and regions of the six continents. Most of them are in Hong Kong and Macao. The rest are mainly distributed in the United States, Thailand, Australia, Japan, Canada, West Germany, Singapore, and Mauritius. These enterprises involve trades including exploitation of resources, industrial and agricultural production, processing and assembling, projects contracting, transportation, finance and insurance, medicine and public health, consultative services, industry-technology-trade, restaurants, tourism, and hotels. To date, China has sent more than 3,000 managerial and technological personnel abroad.

Enterprises run abroad over the years have played a positive role in increasing China's economic exchanges, promoting economic development between China and the countries concerned, and strengthening friendly cooperation.

**The Characteristics of Chinese Investment Abroad**

Most of the enterprises which started operation over the past 10 years have attained better economic results. In the 4 years from 1979 to 1983, the state approved the establishment of only a small number of enterprises abroad. However, the figure gradually increased after 1984: There were 47 enterprises in 1984; 76 in 1985; 90 in 1986; 124 in 1987; and 169 in 1988, the largest number of new enterprises established abroad in a year. Moreover, the amount of investment relatively decreased. For example, Chinese investment in 124 enterprises in 1987 was \$353 million, but the amount dropped to \$153 million in 169 enterprises in 1988.

This trend conformed to China's principle of developing middle and small size enterprises abroad which can produce quick results with less investment. Of the projects approved last year, 67 have begun operations and 34 of them turned out profits during the year.

### Enterprises Spread Over Six Continents

By the end of 1987, China had enterprises in 67 countries and regions. In 1988, China established enterprises in 12 countries and regions including Malaysia, Jordan, Turkey, Austria, Mali, Ivory Coast, Zambia, French Guiana, and Belize. Viewed from the number of enterprises, most of them are in Asia, totaling 247, accounting for 47 percent. Viewed from the amount of investment, the major investment projects are mainly in Oceania and North America such as the mining project in Australia, and the exploitation of resources in the United States and Canada. Viewed from the distribution of enterprises, most of them are in Africa. There are Chinese enterprises in 31 African countries, accounting for 39 percent of the total.

Moreover, the countries which have not yet established diplomatic relations with China such as Saudi Arabia, Panama, Costa Rica, and Dominica intend to develop cooperative projects. Some agreements have been reached and some are being put into effect. There are also many countries that plan to develop at least 400 projects in cooperation with China.

### Better Economic Results

Since China sent its first ocean fishing fleet composed of 13 ships to West Africa in March 1985, the number of Chinese ships abroad totaled around 100 with more than 2,500 crew members by the end of 1988. These ships were distributed in the waters and fishing areas of 12 countries. Investment in this regard totaled around \$90 million and output of fish totaled 250,000 tons over the years. The fish was marketed in the nearby local areas which benefited both parties. On the premise of maintaining a balance of foreign exchange, some 50,000 tons of fish were transported home. The capital outlay on the first group of 13 ships has been recouped and the remainder is expected to be recouped within the next 3 to 5 years. Last year the governments of China and Australia signed a fisheries agreement.

In the exploitation of forest resources over the past 3 years, the company with exclusive investment by the China Trust and Investment Corporation in the United States, fell and transported home some 500,000 cubic meters of timber, attaining good economic results.

Both the pulp mill in Canada and the aluminium smeltery in Australia owned by a Chinese company achieved better economic results. The iron mine project run jointly by China and Australia, one of China's largest enterprises abroad, is expected to turn out 3 million tons of iron ore by 1990 which will all be marketed in China.

Last year some Chinese companies signed initial agreements with the Canadian Bowton Company Ltd and Western Pulp Company and the U.S. WTD Industrial

Corporation, respectively, on setting up pulp mills in Canada and the United States. Investment in these projects totaled around \$900 million.

The large enterprises are established abroad with foreign loans and Chinese equipment. For example, local loans are the main sources of capital for the refinery run by the China Chemical Import and Export Corporation in the United States, and the steel plant, aluminium smeltery, and iron ore project run by the China Trust and Investment Corporation in the United States and Australia. In the ocean fisheries cooperative ventures, most of the ships are made in China. A Chinese company will set up a cold-rolled steel plant in Malaysia which will require \$100 million worth of Chinese equipment.

Of the approved enterprises set up abroad over the past decade, 376 have begun operating. Viewed from the enterprises that have begun operating, 208 enterprises or 55.5 percent of the total have attained better economic results; 132 enterprises or 35 percent of the total have maintained a balance of income and expenses with a slight surplus; and 36 enterprises or 9.5 percent of the total suffered from deficits or were closed down because of the improper cooperative partners selected, poor management, or wrong people sent abroad. On the whole, 90 percent of the enterprises which started operations attained better economic results.

### Cooperation Based on Mutual Benefit Well-Received Abroad

Based on the principle of "mutual benefit," Chinese investment in friendly countries has promoted the economic and technological development of the country concerned and has been well-received by the local government.

The government of Guinea-Bissau has attached great importance to the fisheries cooperative project run jointly by China and Guinea-Bissau. The president of Guinea-Bissau personally inspected the worksite on three occasions and met with Chinese technical workers. The launching of a new ship built by China for Guinea-Bissau caused a sensation. The secretary of Guinea-Bissau's Fisheries Department said: "The cooperation between China and Guinea-Bissau is sincere and the cooperative projects are successful. The Chinese engineering personnel have made great contributions. We express our heartfelt thanks to China..." Moreover, China specially trained crew members for Guinea-Bissau so that they could operate independently. This increased friendship between the peoples of the two countries.

Practice over the years has proved that there are bright prospects for the undertaking of running enterprises abroad. In the course of implementing the open policy, China has welcomed foreign investment, and also made investment and run enterprises in friendly countries with a favorable investment environment in light of its capabilities and the needs of both parties.



**Rise in Unemployment Rate to 3.5 Percent Seen**  
*HK0805083989 Beijing CHINA DAILY in English*  
8 May 89 p 1

[By staff reporter Gu Chengwen]

[Text] China will have an additional 10 million people looking for work this year, of whom only 5 million will be guaranteed employment by the State, according to government sources.

This will raise the unemployment rate from last year's 2 per cent to 3.5 per cent, if the rest cannot find jobs on their own.

Most new job seekers are recent school graduates, demobilized servicemen, farmers transferring to industries and workers who lost their jobs in many enterprises where staff was cut to optimize productivity.

Widespread practice of the contract responsibility system in industrial and commercial businesses, and the State austerity policy aimed at checking rising inflation, have posed difficulties in providing employment, said Xi Zhongsheng, of the State Commission for Restructuring the Economy.

At the same time, urban residents are reluctant to take jobs in the low-paid textile, machinery and sanitation industries where workers are needed, said Xi.

As a result, more farmers have flooded into the cities to fill these positions, he said, adding that some industries prefer farmers to urban labourers because they are less demanding.

In some industries like mining and railways, farm labourers have become the mainstay.

Xi said that of the 11 million jobs available outside the State plan, farmers take up most of them.

He said restrictions will be imposed on the hiring of farmers and the transfer of their names into urban registration books, to decrease the influx of farm labour into the cities.

It is suggested that farmers obtain temporary residence and employment certificates from city governments before they are hired by urban units.

The State will attempt to balance wages in the higher paid, light labour State sectors such as commercial businesses and the service trades, with those of the heavy labour sectors to entice more urban workers into those sectors, said Xi.

He said the State will not assume total responsibility for solving unemployment as it used to. Individual private and collective businesses are expected to absorb more labour.

Xi cited Siping City of Jilin Province, where 7,500 people have invested 22 million yuan over the past few years in organizing 213 new industrial firms.

Xi said it will take time for Chinese people to adopt themselves to the phenomenon of unemployment.

Ever since the establishment of the People's Republic, State enterprises have absorbed more and more workers, firing almost none despite their low efficiency.

An estimated 15 to 20 per cent of jobs across the country are redundant, he said.

But due to the lack of sound labour market and unemployment insurance system, only 10 per cent of those redundant have been laid off.

**Finance Official on Treasury Bonds Distribution**  
*HK0805082389 Beijing RENMIN RIBAO in Chinese*  
30 Apr 89 p 2

[XINHUA report: "Finance Ministry Official Interviewed on This Year's Distribution of Treasury Bonds"]

[Text] Beijing, 29 Apr (XINHUA)—Recently, this reporter interviewed a responsible official of the State Debt Management Department of the Finance Ministry on this year's distribution of the state treasury bonds and the reimbursement of the bonds issued between 1981 and 1984, which will soon expire.

Question: What methods will be used to distribute this year's state treasury bonds?

Answer: In the past years, the distribution of state treasury bonds all relied on political mobilization and economic means. This year, we will use the same methods. According to the state treasury bonds regulations, we will issue 5.5 billion yuan of state treasury bonds this year by assigning subscription quotas to each locality and unit.

Of course, we will properly carry out propaganda and mobilization, and properly organize the distribution work. The subscription quotas will be assigned fairly and reasonably.

Question: How is the situation on the market for the transfer of the state treasury bonds?

Answer: With the approval of the State Council, last year, some experimental markets were opened for the transfer of state treasury bonds. The bonds issued in 1985 and 1986 were allowed to be traded on the market. At present, 61 cities throughout the country opened such markets for the trading of treasury bonds. Through 1 year's experiment, the treasury bonds markets have now developed on a certain scale.

However, due to the influence of inflation, there are still certain difficulties in the experiments in the transfer of state treasury bonds. Under the current conditions, it is hard to open the treasury bonds markets in an all-round way and to expand the scope of negotiable treasury bonds. This year, we will continue to supervise and manage the circulation of the treasury bonds, and will especially manage the trading prices. At the same time, we will select some cities with better conditions among the 61 cities to carry out the experiments in the trading of the treasury bonds issued between 1982 and 1984. The markets will be extended to other cities after successful experience is gained.

**Rural Industry Growing Despite Austerity Policies**  
*OW0705100389 Beijing XINHUA in English*  
0643 GMT 7 May 89

[Text] Beijing, May 7 (XINHUA)—The output value of China's rural industry grew 26 percent during the first quarter of this year over the same 1988 period despite the state's austerity policies.

According to an official of the Ministry of Agriculture, there are four reasons for this trend.

First, 40 billion yuan in fixed assets were invested in rural industry last year and most of these newly-developed projects went into operation during the past three months.

Second, because the government has been taking steps to cut back on credit since last year, many township enterprises have raised money from their employees or through each other.

Third, this year official departments in 24 provinces have made it more convenient for township enterprises to obtain materials and equipment.

Fourth, expanding demand in the domestic market provides an opportunity for township enterprises to sell any overstocked products, thus accelerating their capital turnover.

There are now some 18 million rural enterprises in China, employing nearly 90 million people. Their total output value exceeded 600 billion yuan last year.

**Li Peng, Agricultural Experts Address Forum**  
*OW0605193089 Beijing XINHUA Domestic Service*  
in Chinese 1431 GMT 6 May 89

[Local Broadcast News Service]

[Text] Beijing, 6 May (XINHUA)—Li Peng, premier of the State Council, invited some agricultural experts and professors in the capital to a forum held at Zhongnanhai this morning for the purpose of studying the question of applying the results of scientific and technological research to the development of agriculture.

Chen Junsheng, state councillor; Luo Gan, secretary general of the State Council; and He Kang, minister of agriculture, were present at the forum, along with dozens of agricultural experts and professors in the capital.

At the beginning of the forum, Comrade Li Peng said: At present, China's agriculture is in a grim situation. The party Central Committee and the State Council are deeply concerned about agriculture. In developing agriculture, we should depend: first, on policy; second, on science and technology; and third, on investment. If our country's total grain production is to be brought to a new level by the end of this century, there must be a new breakthrough in our agricultural science and technology. Some of the experts and professors here have engaged in scientific research and teaching for a long time; others have stayed in rural areas for a long time, doing scientific research and widely applying their research results.

Eleven experts and professors addressed the forum. They were: Shi Yuanchun, president and professor of Beijing Agricultural University; An Min, Wang Shuan, Mao Daru, and Zeng Shimai, professors of that university; Liu Zhicheng, vice president of the Chinese Academy of Agricultural Sciences; Li Jingxiong and Jia Dalin, researchers of that academy; Chen Zongyuan, director and senior agronomist of the Technology Popularization Station under the Ministry of Agriculture; Hu Daofen, researcher of the Beijing Municipal Academy of Agricultural Sciences; and Jia Cuiying, researcher of the Beijing Municipal Vegetable Research Center.

The remarks made by the experts and professors touched on such questions as China's agricultural economy and development strategy; animal husbandry; aquatic production; widely applying agrotechnology; water-saving irrigation; popularizing hybrid corn; cultivating of high-yield wheat and rice; agricultural biotechnology; plant protection; transformation of medium- and low-yield fields in areas along Huang He, Huai He, and Hai He; and the development of vegetable production. They spoke on the scientific research work being carried out and present efforts to apply their research results. They also offered their opinions about future work.

**Erosion Ruins Yangtze Basin Farmland**  
*OW0805181989 Beijing XINHUA in English*  
1450 GMT 3 May 89

[Text] Beijing, May 3 (XINHUA)—The limited farmland in areas on the upper reaches of the Yangtze River - especially the mountainous areas - will be agriculturally barren in the near future if severe soil erosion cannot be controlled, experts said.

According to today's "CHINA DAILY", the experts from the Yangtze River Planning Office (YRPO) said that because of the present deterioration of the area's

environment, it will also be impossible for future generations in some of the areas to survive by farming alone.

The experts said that large tracts of farmland are being stripped of top soil and turned into rock-strewn wasteland in areas on the upper reaches of the Yangtze, one of China's most eroded major areas.

A survey conducted by the YRPO's newly established Soil Conservation Bureau showed that more than 350,000 square kilometres of the farmland, or 35 percent of the total, are affected by erosion.

Meanwhile, the experts said, various natural disasters, such as drought, floods, mud slides and hailstorms, have occurred in the areas to add to the environmental damage.

Experts attribute the problem to the fact that farmland on mountain slopes increased by 40 to 60 percent in the area, and that tree-cutting has ruined vegetation since the 1950s.

But one of the major causes of soil erosion, experts said, is the pressure on food and fuels exerted by the population boom of recent years.



### East Region

#### Fujian's Chen Guangyi Speaks on Population Day

OW0605142289 Fuzhou FUJIAN RIBAO in Chinese  
14 Apr 89 pp 1, 3

[Excerpts] Comrade Chen Guangyi, secretary of the provincial party committee, gave a speech last evening on China's "1.1 Billion Population Day." The text of the speech is as follows:

The population on the Chinese mainland will reach 1.1 billion on 14 April. In recent years, China's population has been increasing at an annual rate of 15 million. At this rate, the population will increase by another 100 million in less than 7 years. Such a high population growth rate has aroused the grave concern of the whole nation. Not long ago, Comrade Deng Xiaoping told a foreign guest: "One of our chief problems is that we have such a big population, and the job of controlling population growth has not been handled very well. This is a difficult problem standing in the way of China's development." The question of population has always been a major problem affecting the overall economic and social development of China. This contradiction is more conspicuous in Fujian. Our province has a large population, scarce farmland, and a poor economic foundation. They have become the major factors restricting economic development and the improvement of living standards. From 1949 to 1988, the province's population increased from 11.88 million to 28.45 million, growing at a speed far higher than the national average. Population density was 229.8 persons per square kilometers, twice the national average. [passage omitted]

For this reason, the provincial party committee and government demand:

First, party and government leadership at all levels must enhance their understanding of the importance and urgency of family planning work. [passage omitted]

Second, earnestly implement the "regulations of Fujian Province governing family planning." [passage omitted]

Third, family planning is a project involving all of society. All departments must make concerted efforts to attend to this work. [passage omitted]

Fourth, family planning is work involving the people. We must rely firmly on the awareness and participation of the people. [passage omitted]

#### Han Peixin Makes Appearances at Jiangsu Meetings

##### Presides at People's Congress

OW0405035889 Nanjing Jiangsu Provincial Service  
in Mandarin 0915 GMT 19 Apr 89

[Text] The second session of the seventh provincial People's Congress held a preparatory meeting this afternoon at the Great Hall of the People in Nanjing. Han

Peixin, chairman of the provincial People's Congress, presided over the meeting. Of a total of 993 deputies, 907 attended today's meeting, thus meeting the quorum. The meeting elected 68 members of the presidium of the second session of the seventh provincial People's Congress with a show of hands. Xing Bai was elected chairman of this meeting. The meeting passed the agenda by seven votes on a show of hands. The first item is hearing and examining the work report of the provincial people's government; second is hearing and examining the report of the province's draft 1989 national economic and social development plan, and examine and approve the execution of the province's 1989 national economic and social development plan; third is hearing and examining the reports of the province's draft 1988 financial accounts and 1989 budget, and approving the province's 1988 financial accounts and 1989 budget; fourth is hearing and examining the work report of the Standing Committee of the provincial People's Congress; fifth is hearing and examining the work report of the provincial Higher People's Court; sixth is hearing and examining the work report of the provincial People's Procuratorate; and seventh is holding the by-election for members of the Standing Committee of the provincial People's Congress and for leading members of the provincial people's government.

Seated on the rostrum were Li Zhizhong, Xing Bai, and Li Qinghui, vice chairmen of the Standing Committee of the provincial People's Congress.

##### Elected Congress Chairman

OW0405044589 Nanjing Jiangsu Provincial Service  
in Mandarin 0915 GMT 19 Apr 89

[Text] The presidium of the second session of the seventh provincial People's Congress held its first meeting this afternoon. Comrade Xing Bai presided. Han Peixin, Li Zhizhong, and Li Qinghui were elected executive chairmen of the presidium. The meeting approved the lists of executive chairmen. Wang Yimin, Gu Yu, (Xu Qinan), (Wang Lizhen), (Wang Peicheng), Wu Jinsheng, and Qian Wenjian were elected deputy secretaries-general of the second session of the seventh provincial People's Congress. The meeting also approved the daily schedule of the second session of the seventh provincial People's Congress, and the draft election law, which will be examined by the deputies. The deadline for deputies to submit proposals was set for noon on 23 April.

##### Attends CPPCC Closing

OW0205151789 Nanjing Jiangsu Provincial Service  
in Mandarin 0915 GMT 24 Apr 89

[Text] The Second Session of the Sixth Jiangsu Provincial Committee of the Chinese People's Political Consultative Conference [CPPCC], which lasted for 8 days, successfully closed in Nanjing this afternoon.

The meeting was presided over by Vice Chairman Chen Zonglie. Seated on the front row of the rostrum were vice chairmen of the provincial CPPCC Committee, Luo Yunlai, Ding Guangxun, Deng Haoming, Gao Juefu, Chen Minzhi, Chen Suiheng, Chen Bingwen, Liu Xinghan, and Zhang Chenhuan; as well as Secretary General Wang Zhongqi.

Leading comrades of the provincial party committee, the provincial People's Congress, the provincial government, and the provincial Discipline Inspection Commission invited to attend the meeting were Han Peixin, Chen Huanyou, Sun Jiazhong, Gu Hao, Hu Fuming, Li Zhizhong, Li Qingkui, Wu Xijun, and Cao Keming; retired provincial leading comrades (Zhang Zhaoxing) and Xie Dewang; as well as veteran comrades who had assumed leading posts in the provincial CPPCC committee, Qian Zhonghan and Wei Yongyi.

By a show of hands, the meeting elected Sun Han as chairman of the sixth provincial CPPCC Committee, and elected (Wang Baozhuang) as additional member of the Standing Committee of the sixth provincial CPPCC Committee.

The meeting approved a political resolution of the second session of the sixth provincial CPPCC Committee and a report of the sixth provincial CPPCC Committee's Motions Committee on examination of the motions submitted to the second session of the sixth provincial CPPCC Committee.

The meeting also adopted a message to Comrade (Shi Yinhan).

Vice Chairman Chen Zonglie spoke at the closing ceremony. He hoped that CPPCC members would treasure the glorious mission vested in them by history, publicize and implement the tasks presented by the second session of the seventh provincial People's Congress and the second session of the sixth provincial CPPCC Committee, further develop the Jiangsu people's spirit in waging hard struggle and building the nation through thrift and diligence, and expedite the accomplishment of the four modernizations, revitalization of the Chinese nation, and the motherland's reunification.

**Shandong's Jiang Gives Address on Private Sector**  
SK0605104889 Jinan Shandong Provincial Service  
in Mandarin 2200 GMT 5 May 89

[Text] On the morning of 3 May, Jiang Chunyun, secretary of the provincial party committee; Ma Zhongchen, deputy secretary of the provincial party committee; Zhao Zhihao, governor of the provincial government; and (Ma Zhongtai), Standing Committee member and secretary general of the provincial party committee, viewed the goods displayed at the exhibition on new famous-brand and quality products made by individually-owned industrial and commercial households and private enterprises.

After hearing the report made by responsible comrades of the provincial Industrial And Commercial Bureau, Jiang Chunyun pointed out: We should adopt measures to instill individually-owned households and private entrepreneurs with a strong belief that the party will not change the principles and policies on developing the individual and private sectors of the economy, and to encourage them to continue their jobs boldly. Meanwhile, we should clearly tell the masses of various circles that individually-owned households and private enterprises are capable assistance in the development of the socialist commodity economy, and we must not have complaints about their high income as long as they conduct their business according to law and rely on diligence to seek wealth. Approaching this from a positive point of view, we know that it is still necessary to vigorously develop the individual and private sectors of the economy.

Ma Zhongchen said: We should eliminate the phenomena of being jealous of private and individual businessmen; strictly ban the phenomena of racketeering, such as recklessly collecting funds, apportioning expenses, obtaining profits, and imposing fines; and create a suitable economic environment for smoothly developing the individual and private sectors of the economy.

Zhao Zhihao, governor of the provincial government, especially pointed out that while developing the individual sector of the economy, we should strengthen supervision and management over individually-owned households in order to ensure that they manage themselves according to law, pay taxes according to regulations, observe professional ethics, provide quality service for the masses, and guarantee the smooth progress of the individual and private sectors of the economy.

**CPPCC Committee Session Opens in Shanghai**  
OW0805120689 Shanghai JIEFANG RIBAO in Chinese  
16 Apr 89 p 1

[Text] The Second Session of the Seventh Shanghai Municipal Chinese Peoples' Political Consultative Conference [CPPCC] Committee opened ceremoniously at the Shanghai Exhibition Center yesterday morning.

Xie Xide, chairman of the municipal CPPCC committee, chaired the meeting. Vice Chairmen Mao Jingquan, Wang Xing, Zhao Chaogou, Xu Yifang, Tang Junyuan, Dong Yinchu, Zhang Ruifang, Yang You, Yan Dongsheng, Wu Zengliang, Chen Mingshan, and Zhao Xianchu, and Secretary General Chen Fugen were seated in the front row of the rostrum.

Jiang Zemin, Zhu Rongji, Chen Guodong, Wang Dao-han, Yang Di, Huang Ju, Wu Bangguo, Zeng Qinghong, Zhang Dinghong, Zhao Qizheng, Yang Zhifan, Chen Zhili, Ye Gongqi, Sun Guizhang, Tan Jiazhen, Ye Shuhua, Wang Chongji, Liu Zhenyuan, Ni Tianzeng, Xie

Lijuan, Ni Hongfu, Li Chuwen, Shi Zhusan, Zhu Daren, Wu Guangyu, Shi Zhiqing, Lu Naihe, Lu Linyuan, and other leading comrades attended the meeting.

Liu Jingji and Su Buqing, vice chairmen of the CPPCC National Committee, were present at the meeting.

Since 110 members were on leave because of illness or business, 588 of the 698 members of the Shanghai Municipal CPPCC Committee were present at the session.

At 0900, Chairman Xie Xide declared the session open. All the attendees stood up and sang the PRC national anthem.

Xie Xide said: The current session will continue to implement the decision of the 3d Plenary Session of the 13th CPC Central Committee and the principles outlined by the working conferences of the Shanghai Municipal party committee and the Shanghai municipal CPPCC Committee. The municipal CPPCC Committee will earnestly perform its responsibilities, give full scope to democracy, take active part in political consultations, and offer advice for strengthening reform and carrying out material and spiritual construction. She also urged all the members of the municipal CPPCC Committee to work hard and make the session a democratic, united, and action-taking meeting.

The meeting adopted an agenda and schedule of the current session. According to the schedule, the current session will last 7 days.

Entrusted by the Standing Committee of the municipal CPPCC Committee, Vice Chairman Yang You gave a report on the work of the Standing Committee of the Seventh Shanghai Municipal CPPCC Committee. He pointed out that since the First Plenary Session of the Seventh Municipal CPPCC Committee, the Standing Committee, in accordance with the resolutions of the plenary session and centering on the work of the party and municipal government, has conducted political consultations and democratic supervision and actively carried out work in all fields. We have made new progress in upholding and improving the multiparty cooperation system and the political consultation system led by the CPC; in furthering our efforts to improve Shanghai's economic environment and rectify its economic order; in strengthening Shanghai's reforms; in promoting the municipality's industrial and agricultural production; and in developing education, science, technology, culture, and public health in the municipality, thereby making contributions to the promotion of material and spiritual civilizations, as well as democracy in the municipality. After reviewing and summing up the municipal CPPCC Committee's work in the past year, Yang You set forth the central tasks of the committee for this year: to promote political consultations and democratic supervision, centering on the work of improving the economic environment, rectifying the economic order, and strengthening reforms; to ensure that democratic parties,

all mass organizations concerned, and people of all sectors play a more active role, and to strengthen unity among them; to take advantage of the CPPCC's favorable position to continue to unite people of all sectors in order to bring about the motherland's reunification; and to faithfully carry out the "provisional regulations on making political consultation and democratic supervision a regular practice and an established system."

Wang Xing, vice chairman of the municipal CPPCC Committee and chairman of the Motion Committee, made a report at the meeting on the work of motion handling since the First Session of the Seventh Municipal CPPCC Committee. Chen Mingshan, vice chairman of the municipal CPPCC Committee, relayed the spirit of the Second Session of the Seventh CPPCC National Committee at the meeting.

Veteran comrades invited to attend the meeting, who were seated on the rostrum, were Han Zhiyi, Li Guohao, Yang Shifa, Zhou Bi, Zhang Chengzong, Song Richang, and Wang Zhizhong.

Those invited to attend the meeting as observers were members of the CPPCC National Committee currently in Shanghai, leaders of the relevant municipal government departments, responsible persons of various district and county CPPCC committees, and foreign consuls general and officials of foreign consulates in Shanghai.

### Central-South Region

**Lin Urges Guangdong Youth To Preserve Stability**  
HK0405130189 Beijing ZHONGGUO XINWEN SHE  
in Chinese 1020 GMT 3 May 89

[Report: "Lin Ruo Calls on Guangdong Youth To Safeguard the Stable Situation of Guangdong Province"—ZHONGGUO XINWEN SHE headline]

[Text] Guangzhou, 3 May (ZHONGGUO XINWEN SHE)—Lin Ruo, Guangdong provincial CPC secretary, today called on Guangdong youth attending a mass meeting in commemoration of the May 4th Movement to safeguard the stable situation in Guangdong and carry forward democratic construction within the scope of the Constitution and law.

Lin Ruo said that the party and the state are now facing some difficulties and frustrations in the reform. The actions taken by young students to air their grievances against price hikes, the improper style of the party, and certain corrupt social phenomena are understandable. He said that the sincere wishes of young students to carry forward democracy in order to eliminate corruption are consistent with the demands of the party and government.

He said that Guangdong's situation is rather stable now. However, there exist a number of problems despite the good situation. There is much discussion in society about problems such as inflation and the growth of



criminal activities and evil social phenomena. The party and government also have more considerations on such problems. He said that it is necessary to have a stable environment to handle these problems. He expressed the hope that the youth in Guangdong can set examples in safeguarding the stability of the overall situation.

Today, over 1,500 youth representatives of all circles joined the grand meeting to mark the 70th anniversary of the "May 4th Movement." A grand 4 May cultural activity was solemnly opened after the grand meeting.

### **Hubei's Guan Gives Speech to CPC Cadres**

HK0205015989 Wuhan Hubei Provincial Service  
in Mandarin 1130 GMT 1 May 89

[Excerpts] The Hubei Provincial CPC Committee yesterday held a gathering of responsible party member cadres of the provincial organs and of Wuhan City to further implement the important intentions recently proposed by the central authorities on taking a clear-cut stand against disturbances, stabilizing the overall situation, and ensuring the smooth progress of reform and construction, and mobilizing the party organizations and the all party members throughout the province to unswervingly maintain political unity with the CPC Central Committee, spontaneously wage struggle against all words and acts creating disturbances, spontaneously preserve stability and unity, and spontaneously uphold the authority of the CPC Central Committee and State Council, so as to create a good social climate for improving the economic environment, rectifying the economic order, and comprehensively deepening the reforms.

Responsible comrades of the party, government, and Army in the province, including Guan Guangfu, Zhao Fulin, Qian Yunlu, Chen Ming, Huang Zhizhen, Shen Yinluo, Ding Fengying, Zhang Xueqi, Zhong Shuqiao, and Wang Shen attended the gathering. Comrade Zhao Fulin presided. Comrade Guan Guangfu made an important speech. The following are excerpts from his speech:

Not long ago, just as the whole country was mourning the death of Comrade Hu Yaobang with deep grief, a very small number of people with ulterior motives seized the chance to first launch an attack [fa nan] in Beijing by deliberately fabricating rumors to mislead people and inciting young students ignorant of the truth to storm the Xinhua Gate of Zhongnanhai, the location of the CPC Central Committee and State Council, and attack party and state leaders by name. Some people even shouted reactionary slogans such as "Down with the Communist Party." Similar disturbances occurred in varying degrees in other cities. Serious incidents occurred in Xian and Changsha, where gangs of hooligans engaged in beating, smashing, looting, and burning. These activities were not in mourning for Comrade Hu Yaobang or for promoting the process of socialist democratic politics and reform in China; instead, they represented a conspiracy to confuse people's minds and throw the whole country into chaos. They were disturbances whose real essence consisted of

fundamentally negating the CPC leadership and the socialist system. This is a serious political struggle facing the whole party and people of all nationalities throughout the country.

During this period, the general situation in Hubei has been relatively good and things have been stable. However, the situation remains rather grim, and certain abnormal phenomena and problems have appeared. We must pay a high degree of attention to this.

At such a crucial moment, the party organizations, party and Communist Youth League members, state cadres, People's Liberation Army commanders and fighters, armed police officers and men, democratic parties, patriotic democratic figures, and the masses must resolutely respond to the call of the CPC Central Committee, spontaneously preserve the political situation of stability and unity, and struggle to resolutely and swiftly put a stop to the disturbances, as practical deeds for ensuring the smooth development of reform, opening up, and the four modernizations drive.

At present, we must seriously study the important REN-MIN RIBAO editorial, "It Is Necessary To Take a Clear-Cut Stand Against Disturbances." Through study, we should fully realize that this is a serious political struggle facing the whole party and people of all nationalities throughout the country, and that the current overriding interest in the country is the maintenance of social stability. [passage omitted]

In seriously implementing the spirit of the central instructions and opposing and putting a stop to disturbances, we must adopt extremely resolute, decisive, correct, and appropriate measures. The provincial party committee makes the following demands:

1. Grasp the focal points and do a good job in work regarding them. Viewing the province as a whole, the focal point is Wuhan City. Wuhan City must do a good job in propaganda and education for schools, enterprises, neighborhoods, and organs. As far as the various sectors and departments are concerned, the current focal point is the schools, and first the tertiary education institutes. At the same time, we must be sure to do a good job in secondary technical schools and ordinary secondary schools, and prevent people with ulterior motives from inciting secondary school students to cause trouble.

2. Strengthen the socialist legal system. We must both give scope to people's democracy and, when necessary, correctly apply the method of dictatorship. We must act strictly according to the law and integrate law enforcement with education.

We must strictly ban all propaganda activities that incite people to demonstrate and make trouble, strictly ban the establishment of ties and all kinds of illegal processions, and ban all types of illegal organizations. Lawless and

criminal elements who engage in beating, smashing, looting, and burning must be punished severely and swiftly. The facts of the cases must be promptly publicized and exposed in society.

3. Carry out thorough and painstaking ideological and political work. All fronts and units must act in the spirit of grasping things with two hands in getting a thoroughly good grasp of ideological and political work. In particular, the tertiary education institutes must all the more carry out arduous and painstaking work. The school cadres and teachers must guide the students to distinguish between right and wrong and teach them to cherish the fine times and study hard for the sake of accomplishing the four modernizations and invigorating China. It is also necessary to take effective steps to protect their legitimate rights to attend classes and study.

We must organize with care the various activities for marking the 70th anniversary of the May 4th Movement, commend advanced figures and deeds among the students with fanfare, promote uprightness, and encourage the students to follow the proper way for the growth of young intellectuals, spontaneously preserve normal teaching order in the schools, and uphold the overall situation of stability and unity, reform and opening up, and the four modernizations drive.

We must ensure that the masses have channels for making their views known. We must humbly listen to the masses' views, demands, and appeals, actively do a good job in mass work, and act to solve practical problems on which the masses have urgent demands, so as to eliminate the various factors for instability at the budding stage.

We must realize that the young students sincerely hope that reforms will be sped up, democracy will be promoted, corruption will be opposed, and the four modernizations will be built. These are identical with the ideas of our party and government. We must vigorously support and protect this active and healthy force to enable it to grow still better and become qualified talent for socialist construction. In our ideological and political work, we must strictly distinguish between certain improper or even erroneous words and acts of certain people and the conspiratorial activities of a very small number of people with ulterior motives. We must mobilize all positive factors and be skilled at changing negative factors into positive ones.

4. Give full scope to the propaganda and guidance role of the media. The propaganda and journalism units must fully play their functional roles and provide correct guidance for public opinion. At present, the focus in propaganda and media work should be on the following aspects: 1) Continue to publicize the achievements of the 10 years of reforms and do a good job of education in the current situation. 2) Continue to publicize the guideline of improvement and rectification and the progress of this work, to remove the worries and perplexities of some of the masses and boost their confidence for overcoming

difficulties, so that they will work in concert in carrying out improvement, rectification, reforms, and construction. 3) Continue to publicize the efforts to build our party into a strong leadership core, build clean government, and eliminate corruption. 4) Publicize the great significance of preserving the overall situation and stability to consolidate and develop the political situation of stability and unity. Through propaganda and education, we should ensure that the cadres and masses spontaneously implement the party's basic line and persist in one core and two basic points. 5) Resolutely clear away all kinds of interference to ensure the smooth progress of improvement, rectification, and all other work. At present, all organs, bodies, enterprises, undertakings, units, and tertiary and secondary schools must maintain normal order in work, study, and production. Under the leadership of the CPC Central Committee, they should unite as one, work in concert, pool the wisdom and efforts of everyone, resolutely clear away all kinds of interference, strive to overcome the temporary difficulties, ensure the normal progress of improvement, rectification, and all other work, and do a good job in production, work, and study.

**Hunan Commentator Calls for Stability, Unity**  
*HK0105071189 Changsha Hunan Provincial Service*  
*in Mandarin 2200 GMT 30 Apr 89*

[Station commentator's article: Our Fundamental Interests Lie in Stability and Unity"]

[Text] To improve the economic environment, rectify the economic order, and deepen the reforms in an all-around way is a key task for all fields of our work this year and next, and is a historical mission pushing our cause of reform and construction forward. To accomplish it, an essential condition is the stability and unity of the whole society. Under the current situation, our overall and fundamental interests lie in stability and unity. We should in no way forget that our country embarked on the road of stability and unity after 10-years of disturbances. People still bitterly hate the disastrous effects that the 10-year disturbances had on our country and the Chinese nation. Thanks to the political stability and unity of our society during the 10 years of reform and opening up, all fields of our work has been led to the correct path, our economic construction has been able to develop vigorously, and the people's living standards have gradually improved. Of course, the 10-year reform cannot make everything perfect. We are now facing the problems of runaway inflation, corrupt phenomena, and imperfect democracy and legality. However, only when political stability and unity are ensured will these problems be resolved. Disturbances in any areas will affect the work and plans of the party and the government, make it more difficult to solve these difficulties and problems, and will entail nothing but more serious consequences. For this reason, all patriotic citizens should take a clear-cut stand against disturbances and voluntarily maintain the stability and unity of the whole society. We must realize that any disturbances

may be used by a handful of bad people in society. Consequently, the whole society will be harmed and ordinary people will get the worse of it. The beating, smashing, and looting committed by a handful of lawless elements in Changsha on the evening of 22 April is a case in point: it was an incident created by a few bad people taking advantage of the disturbances. Of those who were taken away from the scene by police on that day, many were criminals released from reform-through-labor farms, members of scoundrel gangs, and criminals on the run. This lesson is very severe. Some comrades who are now confronted with temporary difficulties and problems, showing no consideration for the general interest, have said that they see no harm in staging a demonstration. Such thinking does much more harm than good. Do they know that the demonstration on that day seriously blocked the traffic and damaged 38 shops? Such demonstrations do our country no good. So, all citizens with a light sense of righteousness must bitterly hate all types of disturbances. To maintain political stability and unity at present, what is most important is that we properly exercise the rights of citizens within the bounds of the state Constitution and the law, and do our best to carry out citizens' duties. The state Constitution and the state law fundamentally represent the interests of the people. All our words and deeds should not go against what is stipulated in the state Constitution and the state law. When complaining about problems to the relevant government departments, we must not lose our senses, but should be level-headed and take a correct approach, and not use extremist words and deeds. Anyone who is really concerned about the country and the people must, first of all, maintain political stability and unity at present, because this conforms to our common interests.

### Southwest Region

**Commentary Views International Hearing on Tibet**  
*HK0805152189 Beijing RENMIN RIBAO in Chinese*  
29 Apr 89 p 3

["Commentary" by staff reporter Jiang Jianguo (3068 1696 0948): "Ignorant, Biased, and Ridiculous—Comments on the So-Called 'Tibet and Human Rights' International Hearing"]

[Text] Bonn, 28 Apr—On 20 and 21 April, a woman councillor of the Green Party of West Germany and a retired general convened a so-called "supraparty international hearing" in Bonn, which was given the name of "Tibet and Human Rights." This hearing flaunted the banner of their concern for "human rights in Tibet, and publicly advocated the independence of Tibet," saying that they "want to try their best to make Tibet a part of the big international family in the 21st century." People cannot help but be astonished by the presence of such ridiculous events and opinions.

If these Western ladies and gentlemen had originally studied Chinese history more seriously, it would not have been difficult for them to come to the correct conclusion. However, putting stubbornness, bias and ignorance together, a ridiculous logic will inevitably come into being.

There was also an American lawyer who posed as a person of high morality. It was said that he is a legal consultant of the so-called "Tibetan government-in-exile." Surprisingly, he quoted the "grounds" for the argument that Tibet should become independent, that according to his understanding, the big star on the national flag of China represents the Han nationality, while the other four little stars represent four other nationalities, which do not include the Tibetan nationality. Therefore, Tibet is not a part of China. Such unusual ignorance and ridiculous logic make light of human intelligence!

If this so-called hearing had only been a farce created by some ignorant people, one need not care about it at all. However, several people at the meeting publicly advocated encroaching on China's Tibet. So, those who have a conscience would inevitably become aware of this. Somebody even "regretted" that other countries were unable to stop the Chinese People's Liberation Army from entering Tibet in 1950! Somebody even went so far as to say that it was "shameful" that the United States did not assist the forces in demanding the "independence of Tibet" through its weaponry in 1962. These people even urged the Western countries to threaten China with economic means, "so as to leave China with no way out," in order "to create a headache for China," and so on. This evidence is enough for us to see clearly the real aim of the hearing, without a single additional utterance.

Of course, reality cannot be covered by bias. These people are absolutely unable to represent the attitudes of the masses of Western people who are friends of the Chinese people. The former West German ambassador to China, Dr Victor, pointed out at the meeting that Tibet has always been an inseparable part of the Chinese territory since the ancient times; and there is not a single country in the world which admits the so-called "Tibet government-in-exile." He refuted the story that the Chinese Government had carried out a "massacre" in Tibet, and advised the Western countries not to criticize the policy of China's central government on Tibet using their own concepts.

Just like the recent hearings and forums on the Tibet issue held in overseas countries, some spokesmen, whose real intentions are hard to discern, talked glibly about the infringement of human rights in Tibet and the destruction of culture and religion. They even sensationally said that "the Tibetan language will soon disappear." However, they did not utter a word about the system being implemented in Tibet and the human rights of millions of Tibetan serfs before 1959. Nor did they see the



world-recognized social progress in Tibet since the democratic reform, especially in the past decade. When they had no choice but to admit that many roads and modern facilities have been repaired and constructed in Tibet, they said that these works were carried out for the benefit of the "army in the occupation of Tibet." What can this be if not bias?

People can freely make sport of the international media in the so-called "Tibet and human rights" international hearing in Bonn. But if they want to change the history and actual position of Tibet in China, it is a dream that can never be realized.

#### **Party Officials Discuss Tibetan Affairs**

OW0505082389 Beijing XINHUA in English 1518 GMT  
2 May 89

[Text] Beijing, May 2 (XINHUA)—The economic achievements in China's inland areas prove that its reform and open policies are correct and successful, in the view of 64 Tibetan county and prefectural officials who have visited Shanghai, Zhejiang, Jiangsu, Tianjin and Beijing.

The Tibetan visiting group, formed on the suggestion of the central authorities, also held at a forum here today that the difference between Tibet and the inland areas is increasing.

Helishi, secretary of the Mangkang County party committee, said the growing difference is due to the poor transport and education and the lack of technical talents in Tibet, as well as to reasons of history and nature.

Although rich in mineral resources, he said, Tibet remains backward.

A county leader from Changdu Prefecture said that only 50 per cent of the children of school age in the prefecture go to school.

He is interested in the vocational schools in the inland areas, and said he hoped that the central government will help Tibet to establish this kind of school to meet the urgent needs of the special talents there.

A leader of Xigaze City said that during its one-month visit the group received a warm welcome everywhere it went.

"The visit not only enlarged our vision," he said, "but also gave us the fine feeling of national unity."

Ismail Amat, minister in charge of the State Commission for Nationalities Affairs, said that Tibet's development depended on stability and unity.

He asked all the visitors to use the lessons learned from the successes of the inland areas to accelerate Tibet's development, and to continue the fight against the separatists at the same time.

The visitors, headed by Buduojie, vice chairman of the People's Congress of the Tibet Autonomous Region, will leave for home on May 7.

#### **Yunnan Government Provides Aid to Quake Victims**

OW0805144289 Beijing Domestic Service in Mandarin  
0930 GMT 8 May 89

[Text] An earthquake registering 5.1 on the Richter Scale struck Menglian County in Yunnan Province on 6 May. Another earthquake registering 6.2 struck Gengma County in the same province yesterday. The provincial government has appropriated 2 million yuan of emergency funds to help the earthquake victims.

The provincial government is accelerating the shipment of relief materials, such as diesel oil, gasoline, pitch, and asphalt felt, to the affected areas.

The two earthquakes, occurring in the counties which were seriously damaged by a strong earthquake occurring in Lancang and Gengma on 6 November of last year, caused a great deal of damage. A great number of reinforced houses were again destroyed.

According to initial statistics from the three hardest hit counties of Gengma, Cangyuan, and Menglian, these two earthquakes inflicted losses to 23 villages and townships and 140 organs, units, factories, mines, and farms. The earthquakes damaged 17 water reservoirs, 5 power stations, and 174 kilometers of road. Some ponds, communication lines, secondary and elementary schools, hospitals, and grain storage areas were destroyed.

The water supply facilities for the county seats of Gengma and Menglian have been destroyed. Drinking water in the two county seats has been suspended in view of the fact that available spring water dried up following the earthquakes.

The provincial antquake and relief headquarters promptly dispatched two working groups to the affected areas in the wake of the earthquakes. The provincial Seismological Bureau has dispatched specialized personnel to the affected areas to keep a close watch on the situation. Party and government leaders and the relevant departments of the afflicted counties have mobilized the masses to rescue the wounded and to overcome difficulties.

**Investment, Indirect Trade Opened With Mainland**  
*HK0905135289 Beijing ZHONGGUO XINWEN SHE*  
*in Chinese 1221 GMT 9 May 89*

[Report: "Taiwan Has Decided To Conditionally Open Indirect Trade With the Mainland."—ZHONGGUO XINWEN SHE headline]

[Text] Hong Kong, 9 May (ZHONGGUO XINWEN SHE)—Taipei News: Wang Chien-hsuan, deputy political administration head of the Taiwan "Economic Department," revealed yesterday that the "Economic Department" has decided to conditionally open indirect trade with the mainland, and that it will allow Taiwan manufacturers to invest in the mainland and set up affiliated companies there, provided this is done via a third region and within certain proportions. The decision will be handed over to the "Legislative Yuan" and, having been passed during the mainland proceedings, put into effect.

Wang Chien-hsuan pointed out that two principles must be observed in the conditional indirect trade with the mainland: one, the share of indirect investment stocks in the affiliated company held by the parent company must be kept within a certain ratio; and two, the line of business invested in must be those having no great effect on Taiwan's economy.

Taiwan's industrialists consider that considerable distance exists between the regulations set by the "conditional indirect trade" and the actual mainland investment conducted by the present manufacturers. Therefore, there is still debate on whether the authorities can effectively enforce the regulations.

**PRC Official Urges More Exchanges With Taiwan**  
*OW0805154989 Beijing XINHUA in English*  
*0759 GMT 8 May 89*

[Text] Beijing, May 8 (XINHUA)—Further economic exchanges between Taiwan and China's mainland will promote economic prosperity for both, and for the Asia-Pacific region as a whole, said a senior state political consultant and former Kuomintang official today.

At a meeting with three Taiwan journalists, Cheng Siyuan, a vice-chairman of the Chinese People's Political Consultative Conference National Committee, said the mainland welcomes Taiwan businessmen's interest in investment in the mainland.

He said: "We pay attention to Taiwan investment in China. It enjoys preferential conditions here."

The Taiwan journalists, from an economic daily, have just finished their reporting of the 22nd annual session of the Asian Development Bank in Beijing.

Cheng used to be secretary to the late acting President Li Tsung-jen of the Republic of China. He came back to Beijing from the United States with Li in 1965.

Cheng said the principle of "one country, two systems" should be the basis of the reunification of the China mainland and Taiwan. "We are against any opinions and actions that will lead to their long-term separation."

Taiwan and the mainland have been separated for 40 years, he said. Therefore, more contacts and exchanges are needed to promote mutual understanding. The media of the two sides should take the lead in this matter.

Talking about the recent student demonstrations in Beijing, Cheng commented that problems can be solved only through the legal and democratic systems, which are now being improved.

**Reunification Advocated in Talks With Americans**  
*HK0805022989 Beijing ZHONGGUO XINWEN SHE*  
*in Chinese 1022 GMT 3 May 89*

[Report by Zhao Jian (6392 0256): "Cheng Siyuan Stressed in a Meeting With Chinese-Americans That the Four Cardinal Principles Are Not an Obstacle to China's Reunification"—ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 3 May (ZHONGGUO XINWEN SHE)—Cheng Siyuan, vice chairman of the Chinese People's Political Consultative Conference [CPPCC], today stressed that upholding the four cardinal principles cannot be an obstacle to China's reunification.

A visiting group of well-known Chinese from Washington, USA, was invited to a forum on China's peaceful reunification held by the CPPCC's friendship group for reunification of the motherland. Some guests mentioned that the emphasis on the four cardinal principles in the Constitution could cause concern among some people advocating reunification. They expressed the hope that the Constitution can be amended, with the four cardinal principles written only into the party Constitution.

Cheng Siyuan replied: China's leaders have repeatedly declared that the idea of "one country, two systems" fully takes into consideration Taiwan's present system as well as the present lifestyle of the people in Taiwan. The four cardinal principles must be upheld in the mainland, but will not be imposed upon Taiwan.

Cheng Siyuan said that today work must be done to strengthen cultural, economic, scientific, sports, and medical exchanges between the people on two sides of the Strait, promote understanding, enhance mutual trust, and realize a senior-level dialogue between the two sides.

Talking about the idea of "one country, two governments" recently proposed by Taiwan, Cheng Siyuna said: This is an attempt to maintain long-term separation. We advocate reunification and "one country, two systems," and are opposed to any words or acts leading to the separation of the two sides.

In today's forum, nine entrepreneurs and scholars of Chinese origin from Washington and New Jersey expressed their views on the issues of China's reunification, social mood, democratic politics, and education.

They suggested that the mainland must not only discuss reunification with Taiwan's Kuomintang, but also seek understanding from Taiwan compatriots. It must talk to the old people as well as the young. They also strongly expressed the desire for the CPC to improve its own building, thus enhancing the confidence of people in China and overseas who have are concerned about China's reunification.

Song Xilian, Zheng Dongguo, Zhong Shitong, and Wu Ketai, members of the CPPCC Standing Committee, and Sha Li, secretary general of the CPPCC, attended today's forum.

Vice Chairman Cheng Siyuna held a banquet last night in the Great Hall of the People for all the members of the visiting group, headed by Cai Zuoru, from Washington's Guangdong Townsman Association.

**Taiwan Compatriots Hold Forum in Beijing**  
HK0805032589 Beijing RENMIN RIBAO in Chinese  
29 Apr 89 p 2

[XINHUA report by Li Zehong (2621 2344 4767): "Taiwan Compatriots From Both Sides of the Strait Hold a Forum in Beijing"]

[Text] Beijing, 28 Apr (XINHUA)—The members of the All-China Federation of Taiwan Compatriots, the Taiwan Democratic Self-Government League, and the Taiwan Fellow Students Association today held a forum in the central office of the Taiwan Democratic Self-Government League with the "China Democratic and Peaceful Reunification Visiting Group" headed by Fei Hsi-ping, a Taiwan "legislative branch member."

The responsible persons of the All-China Federation of Taiwan Compatriots, the Taiwan Democratic Self-Government League, and the Taiwan Fellow Students Association gave briefings on their respective organizations, and expressed their views on the issues of reunification and communications across the Strait. They said that in the past 2 years, dealings and exchanges between the two sides of the Strait have increased day by day, but have remained basically unilateral. Mainland compatriots have in many ways been restricted from visiting relatives in Taiwan or carrying out exchanges, and trade across the Strait has been conducted indirectly. They expressed the hope that Taiwan will soon cancel restrictions on

mainland compatriots visiting relatives and carrying out exchanges in Taiwan so as to enable normal intercourse between the people on the two sides, and that Taiwan will at the same time relax economic policies so as to enable indirect trade to be transformed into direct trade.

At the forum, Fei Hsi-ping and the visiting group also gave a briefing on the situation in Taiwan.

**Reunification Statement Issued**  
HK0805044189 Beijing RENMIN RIBAO in Chinese  
3 May 89 p 2

[Report: "Visiting Group From Taiwan Issues Statement Stressing Reunification Across the Strait"]

[Text] Beijing, 2 May (XINHUA)—In a statement issued before leaving Beijing today for other parts of the country, the "China Democratic and Peaceful Reunification Visiting Group," headed by Fei Hsi-ping, a member of the Taiwan "Legislative Yuan" pointed out that there is indeed a need for the two sides of the Strait to reunite. The Chinese nation must unite again to do its part for world peace.

The statement said: Through 8 days of contacts with all quarters concerned, we have deeply felt that there were inadequate contacts and understanding between the two sides of the Strait. Greater efforts are still needed in this respect. "Intellectuals on both sides of the Strait should urge the authorities to make sincere efforts to bury the hatchet, seek common ground while reserving differences, and strive with magnanimity for a peaceful reunification proposition commensurate with the highest interests of the Chinese nation and acceptable to both sides of the Strait through the form of negotiations."

The statement expressed the hope that more visiting delegations would be organized in the days to come and that understanding between the two sides of the Strait would be deepened through mutual visits in order to promote the realization of peaceful reunification across the Strait through democratic ways.

**Fujian Official Interviewed on Ties With Taiwan**  
HK0805084989 Beijing ZHONGGUO XINWEN SHE  
in Chinese 1056 GMT 2 May 89

[Report by Zhang Li (1728 5461): "Chen An, Member of the Fujian People's Congress Standing Committee, Answers Reporter's Questions on 'Fujian and Taiwan Establishing Sister Ties'"—ZHONGGUO XINWEN SHE headline]

[Text] Fuzhou, 2 May (ZHONGGUO XINWEN SHE)—According to Taiwan's CHINGCHI JIHPAO [ECONOMIC DAILY], Shen Shih-hsiung, member of Taiwan's "Legislative Yuan," addressed a written inquiry to the "Executive Yuan" on 16 April, urging the establishment of "sister ties" between Taiwan and Fujian before the "law on the relationship between the people on both



sides of the Strait" (referring to the "provisional regulations on the relationship between the people in the Taiwan area and those on the mainland") is enacted and enforced. He also urged both provinces to sign a "free trade agreement." This has aroused the attention of various circles in Fujian.

Recently, this reporter had an interview with Chen An, professor of law of Xiamen University and member of the Fujian Provincial "People's Congress" [quotation marks as published] Standing Committee. The following is a record of the interview.

Zhang Li: Taiwan's Mr Shen proposed that Taiwan and Fujian establish "sister ties." What is your opinion about that?

Chen: It has been verified that more than 70 percent of the inhabitants in Taiwan are from Fujian Province, including Li Teng-hui and other important political figures, and Fujian dialect is still the main dialect there. Therefore, the two provinces are actually "inborn" sisters rather than "sworn" sisters.

Zhang Li: How do you appraise the motion on the signing of a "free trade agreement" between Taiwan and Fujian?

Chen: The main contents of the "free trade agreement" are the free interflow of commodities, manpower, and funds and the equal and mutually preferential tariff. The basic starting point is to effectively ensure the legitimate rights and interests of the Taiwan businessmen and to establish an equal and mutually beneficial economic relationship between the two provinces. This is a sagacious and pioneering proposal that is conducive to promoting common prosperity on both sides of the Strait and in conformity with Dr Sun Yat-sen's idea of "making the best possible use of men, resources, and material, and enabling the commodities to circulate as smoothly as possible." It also embodies a basic principle of "the theory of Dr Sun Yat-sen," that is, in doing everything we must "conform to world trends and the needs of the people."

Zhang Li: What is the nature of the "free trade agreement" in terms of law?

Chen: There is only one China in the world. The provincial legislative organs of both Fujian and Taiwan have the legislative power to work out local laws and regulations for their respective provinces according to legal procedures. In essence, the "free trade agreement" is a law commonly worked out by the legislative organs of both provinces; in other words, it contains separate local economic regulations for all areas of the two provinces. Once it goes into effect, it should be observed by both provinces in their economic contacts and trade and investment activities. It has the binding force on the economic and trade activities of both sides.

Zhang Li: According to a newspaper report, Mr Shen proposed that the "free trade agreement" be signed and put into effect before the drafting and enforcement of the "law on the relationship between the people on both sides of the Strait." If the "law on relationship" is formulated after the signing of the said agreement, will the two be carried out in harmony?

Chen: It depends on the resolution of the Taiwan authorities and the legislative skill of their "legislative members". In my opinion, it is entirely possible for the "law on relationship" to absorb the basic principles of the "free trade agreement" and expand economic contacts and trade and investment activities between Taiwan and various mainland provinces. If the Taiwan authorities do not want to expand such contacts and activities to other provinces, they may also make the said agreement a special law coexisting with the "law on relationship," which is a common law. On the economic and trade relations between Fujian and Taiwan, the principle of "placing the special law above the common law" can be implemented. If Mr Shen can ally himself with other legislative personages in Taiwan who are as courageous and insightful as he is and put forth a joint formal motion with them, if they can fully exercise and give play to the role of the power and functions of the legislative organ and facilitate administration with legislation, the roles they play will surely be much greater. At the same time, Taiwan's legislative organ may also, through various channels, enter into indirect or direct contact with Fujian's legislative organ and administration. For example, both sides may choose a suitable time and place to discuss the matter so that the free trade agreement can be signed as early as possible.

## Hong Kong

### **Influx of Boat People Reaches 'Crisis Point'** *HK0705023689 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 7 May 89 p 1*

[By David Connett]

[Text] The influx of boat people reached a new crisis point yesterday as more than 400 Vietnamese sailed into the territory and authorities claimed that all available accommodation would be full by the end of the weekend.

The acting secretary for security, Mr Alistair Asprey, said yesterday the government was "very concerned" at the continuing stream of boat people coming into Hong Kong.

"We are fast running out of accommodation for them and we have had to use four ferries as temporary accommodation although conditions on board are not at all satisfactory."

Another government spokesman said that if the rate of influx continued the ferries would be full by the end of the weekend.

When asked what would happen then, he said: "I cannot answer that question."

Yesterday's influx of 431 boat people, which brings the number of Vietnamese to have arrived since Monday to nearly 2,000, coincides with news from Hanoi that a new land route is being used to make access to Hong Kong much easier.

Western diplomats in Hanoi said many of the Vietnamese were travelling part of the way along an overland route through China.

They said they had been told by Vietnamese officials that such a journey had become possible since the easing of controls along the Sino-Vietnamese border this year.

"A new tap has been turned on," one diplomat said.

"We understand they make their way east into Guangdong Province and take a boat from somewhere a bit closer to Hong Kong," one envoy said.

This would drastically cut the sea voyage of at least 800 km from Vietnam.

The diplomats said tension between China and Vietnam previously prevented much movement into China's coastal provinces but cross-border trade and contacts had boomed since restrictions were eased earlier this year.

A Hong Kong Government official last week accused Vietnam of allowing people to leave as a device to put pressure on the West and on other Asian countries in advance of next month's international conference on Indochina refugees in Geneva.

The official Vietnamese news agency VNA rejected the allegation, saying Vietnam had taken "many measures to curb illegal departures".

Mr Asprey yesterday toured the four ferries being used as temporary accommodation at Stonecutters Island.

"We brought a fourth ferry into use on Friday when there were another 249 arrivals, bringing to 1,446 the total number of arrivals since Monday," he said.

There are now more than 30,000 Vietnamese in Hong Kong's camps. More than half of them arrived after the government introduced a tough new policy last June under which the Vietnamese are regarded as illegal immigrants unless they can prove they fled because of persecution.

Mr Asprey was briefed on the operations of the ferries by the principal assistant secretary for security, Mrs Carrie Yau, and the chief staff officer of civil aid services, Mr Stewart Kavanagh.

During the visit he inspected the facilities on board and paid tribute to volunteers from the Civil Aid Services and the police for their work in manning the ferries.

Yesterday it was reported that a radical new plan to ease the refugee problem would be introduced tomorrow.

It is believed that the plan, to house boat people in a holding centre in industrial Tsuen Wan, had been under consideration for some time but had not been introduced because of its sensitivity.

Police are investigating the death of a Vietnamese man who died after being wounded in the Shamshuipo refugee centre early this morning.

Initial reports said the man, 25, had been attacked by several men inside the centre. He was certified dead at the Caritas Medical Clinic.

### **Funds Allocated by Government for SRV Refugees** *HK0405030189 Hong Kong SOUTH CHINA MORNING POST in English 4 May 89 p 6*

[Reports by Andy Hon, S. Y. Wai, John Tang, Dephne Cheng and Esme Lau]

[Text] The government yesterday managed to push through a proposal to allocate \$232.3 million to cope with the continuing influx of Vietnamese boat people despite fierce objection from legislators.

The plan to provide accommodation for 11,800 more boat people was carried only with the support of 27 legislators at a Finance Committee session. Eleven legislators voted against the plan and three abstained.

However, those councillors who endorsed the request said they gave their approval only on the understanding that the government takes active steps to put an end to Hong Kong's plight.

Legislator Rita Fan Hsu Lai-tai said: "If the proposal is rejected, the new arrivals would have to be housed in existing holding centres, putting insurmountable pressure on security officials and neighbouring residents."

The plan includes allocating \$170 million to build the third and fourth phases of the White Head detention centre and \$28 million to convert the Lowu military camp to a temporary holding centre.

Another \$34.3 million will go towards the operation of the new accommodation.

Mrs Fan, who is also the deputy convenor of the Office of Members of the Executive and Legislative Councils (Omelco) Security Panel, said the government must review the port of first asylum policy should next month's international conference in Geneva fail to provide a solution.

In the meantime, she said Hong Kong should make use of diplomatic channels to voice its strongest protest to Vietnam and to urge the United Kingdom to accept more refugees.

Her view was supported by many councillors who said Britain must continue to repay Hong Kong, either partially or totally, for the cost of handling the boat people.

Members also urged the government to further explore the possibility of chartering vessels to take back to Vietnamese waters those boat people screened as illegal immigrants.

Leading the opposition was legislator Martin Lee Chum-ming who said it was the British Government's responsibility to pay for the construction and management of the centres.

"It would be wrong for us to resolve the problem for Her Majesty's government. We don't have the necessary information and we do not know what is the British bottom line in handling the matter.

"The British Government should reimburse every penny spent by Hong Kong in this regard, through deducting it from next year's Defence Cost Agreement.

"We may break an agreement by doing this, but the UK deserves it because it has broken another agreement (with regard to its responsibility over the boat people).

"The money is with us. We just don't pay. Let them sue us," said Mr Lee.

Another legislator, Szeto Wah, said he would not support the plan unless Britain gave an undertaking that it would officially, strongly and publicly denounce the Vietnamese Government for allowing its people to flee the country.

Mr Michael Cheng Tak Kin argued that to build additional facilities for the boat people would encourage more to come. He said the funds could be better used to take care of needy local people.

Others who voted against the request were Mr Tai Chin-wah, Mr Cheung Yan-lung, Mr Ronald Chow Meitak, Dr Leong Che Hung, Mrs Elsie (Elliott) Tu, Mr Paul Cheng Ming-fun, Mr Ronald Arculli and Mrs So Chau Yim-ping, who said Hong Kong should not be given the task "to fill the unfathomable pit".

Those who abstained were Mr James Tien Pei Chun, Mrs Miriam Lau Kin-ye and the Secretary for Lands and Works Graham Barnes.

Defending the government plan, Acting Chief Secretary Piers Jacobs said the existing spare capacity would be insufficient to cope with new arrivals in the summer, judging from past experience.

"The problem is, even if we don't provide accommodation, the boat people will still come," he said.

The Secretary for Security Geoffrey Barnes promised they would try to convince other countries to carry out mandatory repatriation of illegal immigrants at the Geneva conference.

"The consequence of screening its mandatory repatriation. We should be hammering home the message in Geneva, especially to those who don't want to hear it."



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